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CONFIDENTIAL

(15798)

FURTHER CORRESPONDENCE

RESPECTING

P E R S I A

PART XLVI

JANUARY TO JUNE 1939

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PART XLVI.—JANUARY TO JUNE 1939.

No. 1.

(No. 1.)

Paris, January 2, 1939.

“The publication, in the *Petit Parisien* and *Excelsior* of the 2nd December, of an account of a cat show, including a pun perpetrated by a comic paper, the *Os à Moelle*, has caused a violent press campaign at Tehran against France. The French Minister at Tehran has been instructed to make to the Iranian authorities the necessary explanations to dispel the misunderstanding which the publication of these articles seems to have created in Court circles. None the less, the Iranian Government decided on the 28th December to break off diplomatic relations with the French Government.”

3. The *Petit Parisien* (Centre) of the 31st December states that the article in question contained no reference whatever to the Shah, but was merely headed: "Quand Sa Majesté le Chat Reçoit." A copy of a cutting from the *Petit Parisien* reproducing the heading in question is attached.⁽¹⁾

I have, &c.

ERIC PHIPPS.

(¹) Not printed.

No. 2.

(No. 620.)

Bagdad, December 22, 1938.

10628 [20133]

2. I have obtained this document privately from Mr. McDougall, the legal adviser to the Ministry for Foreign Affairs, who informs me that although it is dated the 8th December the actual date of its signature by the Iraqi Minister for Foreign Affairs and the Iranian Minister in Bagdad was the 10th December.

3. I am sending a copy of this despatch and its enclosures to His Majesty's Minister at Tehran.

I have, &c.

MAURICE PETERSON.

Enclosure in No. 2.

Accord.

EN vue d'appliquer les dispositions de l'article 3 du Traité de Frontière, conclu le 4 juillet 1937, entre et de l'article 1 du protocole annexé audit traité et signé à la même date, les soussignés représentants des Gouvernements des deux États contractants, dûment autorisés, sont convenus de ce qui suit :

ARTICLE 1.

1. Une commission de bornage sera constituée comprenant un premier représentant et un second représentant nommés par chaque Gouvernement. Le second représentant remplacera le premier représentant en son absence et se chargera de ses fonctions. Il jouira des mêmes droits et privilèges que le premier représentant.

2. Au cas où il y aurait un désaccord entre les représentants et qu'ils n'arriveraient pas à résoudre la question en litige ils la soumettront à leurs Gouvernements afin d'y trouver une solution par la voie diplomatique.

3. Les premiers représentants présideront alternativement les séances de la commission.

4. Les procès-verbaux seront rédigés en iranien, en arabe et en français et au cas de litige le texte français fera foi.

5. Chaque premier représentant désignera les auxiliaires qui doivent l'assister dans chacune des séances de la commission.

ARTICLE 2.

Les travaux de la commission seront :

(a) De borner la frontière irano-irakienne conformément au Traité de Frontière conclu le 4 juillet 1937, en érigeant des bornes sur les emplacements fixés par la Commission de Délimitation de 1914 mentionnée dans l'article 1 (b) dudit traité, en érigeant des bornes supplémentaires comme il est prévu ci-dessous et en fixant les coordonnées géographiques exactes des anciennes et nouvelles bornes.

(b) De fixer définitivement, comme il est prévu ci-après, les coordonnées géographiques désignées d'une manière approximative dans l'article 2 dudit traité.

(c) De préparer comme il est prévu dans l'article 9 de cet accord une nouvelle carte de toute la frontière et d'y mettre en évidence la ligne frontière tracée par la commission de 1914 ainsi que l'emplacement de toutes les bornes et piliers à ériger par la commission.

ARTICLE 3.

Chaque Gouvernement désignera des secrétaires et des spécialistes pour assister les représentants parmi lesquels il y aura au moins deux spécialistes triangulateurs.

ARTICLE 4.

La commission se réunira quand il sera jugé nécessaire et au moins une fois par semaine afin de rédiger en un procès-verbal le résultat des travaux exécutés et de fixer le programme à suivre. Les procès-verbaux seront signés par les représentants des deux parties contractantes.

ARTICLE 5.

1. La commission prendra comme base de ses travaux :

(a) Les procès-verbaux des séances de la Commission de Délimitation de la Frontière de 1914 contenant le tableau descriptif de la ligne frontière et de l'emplacement des bornes; les cartes identiques et les cartes supplémentaires utilisées et signées par ladite commission.

(b) L'article 2 du Traité de Frontière conclu le 4 juillet 1937.

2. Chacun des Gouvernements fournira à son premier représentant les copies des documents susmentionnés qui seront comparées et vérifiées avant de commencer les travaux de la commission.

ARTICLE 6.

La date et le lieu de la première séance de la commission seront fixés d'un commun accord par les deux Gouvernements.

ARTICLE 7.

1. La commission doit désigner avec précision les emplacements fixés par la commission de 1914 et y ériger les nouvelles bornes.

2. La commission érigera entre les bornes dont l'emplacement a été fixé par la commission de 1914, des bornes supplémentaires sur la ligne frontière, à des distances telles que chaque borne soit visible de l'autre à l'œil nu. Cependant, si la frontière suit une ligne naturelle clairement définie ou si la nature du terrain rend difficile l'érection des bornes, ou dans les circonstances exceptionnelles, l'érection des bornes n'est pas obligatoire. Dans ces cas la commission doit s'efforcer d'ériger les bornes à des distances aussi proches l'une de l'autre qu'exige une démarcation de la frontière. En outre, dans les cas exceptionnels où les bornes ne peuvent pas être érigées sur la ligne frontière même et où une démarcation claire et permanente est indispensable, la commission érigera des bornes additionnelles à proximité de la ligne frontière de sorte qu'elle puisse être déterminée en se référant à ces bornes.

3. La commission entreprendra l'exécution des travaux de la commission d'experts prévue par l'article 1 du protocole de signature annexé au Traité de Frontière du 4 juillet 1937. Les coordonnées géographiques en question seront définitivement déterminées par les méthodes prescrites à l'article 9 de cet accord pour la détermination des bornes-frontières.

ARTICLE 8.

1. Les bornes seront d'une des deux formes suivantes :

Forme (1). Un poteau en fer de 5" x 3" et de 11' de longueur rayé noir et blanc. A l'extrémité supérieure de la borne sera fixé perpendiculairement à la ligne frontière un disque circulaire de fer de 1' de diamètre portant le numéro de la borne en relief. Le disque sera noir et le numéro en relief blanc.

Forme (2). Des pierres (taillées si possible) bâties avec de la chaux ou du ciment sur une fondation convenable dans laquelle sera enfoncée verticalement une barre de fer. Les dimensions de la borne seront au moins de 1.50 mètre de hauteur et de 1 mètre de diamètre à la base. Sur le côté de la borne à angle droit de la ligne frontière le numéro de la borne sera marqué sur une plaque en ciment de 1' de diamètre.

2. Les bornes de forme (1) devront être employées de préférence aux bornes de forme (2).

3. Les bornes seront numérotées consécutivement en commençant par la première borne érigée par la commission.

4. Si la nature du terrain ou autres circonstances empêchent l'érection des bornes des formes (1) et (2), la commission choisira d'autres formes de bornes convenant aux endroits en question.

ARTICLE 9.

1. La nouvelle carte de la frontière mentionnée dans l'article 2 (c) ci-dessus sera d'une échelle de 1 : 50,000 et contiendra le levé topographique d'une région de 5 kilom. au moins de chaque côté de la frontière. La commission établira, si elle le juge nécessaire, pour certaines parties de la frontière des cartes plus

détaillées et d'une échelle plus grande qui seront annexées en marge des cartes ci-dessus mentionnées.

2. Étant donné qu'il existe une triangulation le long de la frontière irakienne basée sur l'ellipsoïde de Clarke 1880, la triangulation du levé topographique ci-dessus mentionné sera basée là-dessus.

3. Les deux Gouvernements mettront à la disposition de la commission, aussitôt que possible, un nombre suffisant d'experts topographes.

4. Les coordonnées géographiques des bornes-frontières seront déterminées par la triangulation du levé ci-dessus mentionné.

5. Les feuilles originales du levé ci-dessus mentionné seront signées par chacun des représentants.

6. Par un commun accord entre les deux Gouvernements la nouvelle carte sera publiée en français. Les représentants signeront deux de ces copies dont chaque Gouvernement recevra une et pourra la publier en sa langue nationale.

ARTICLE 10.

La commission préparera un carnet de repérage contenant les coordonnées géographiques de chaque borne, sa direction, sa distance de la borne précédente ainsi que l'azimut des points de repère visibles.

ARTICLE 11.

La commission nommera une sous-commission qui sera chargée de surveiller l'érection des bornes sur les emplacements désignés par la commission. Cette sous-commission sera composée soit des seconds représentants soit des membres techniques. Un rapport des travaux effectués par la sous-commission doit être soumis le plus tôt possible à la commission afin d'être inséré aux procès-verbaux de la commission.

ARTICLE 12.

Les frais de l'érection des bornes ainsi que tous autres frais communs seront à la charge des deux Gouvernements à parts égales et les comptes définitifs en seront préparés en double exemplaire et signés par les représentants des deux parties. Chaque Gouvernement en recevra un exemplaire.

ARTICLE 13.

Les deux parties contractantes s'engagent à faciliter les travaux de la commission, spécialement en ce qui concerne le logement, la main d'œuvre et les matériaux nécessaires. Chaque représentant et sa suite peuvent franchir librement le territoire des deux Gouvernements et y circuler pendant l'exécution des travaux.

ARTICLE 14.

1. Les deux parties contractantes s'engagent à protéger et entretenir les bornes érigées par la commission.

2. Les deux parties contractantes sont d'accord qu'après l'achèvement des travaux de délimitation, et au moins une fois tous les deux ans, leurs autorités locales près de la frontière coopéreront ensemble à contrôler toutes les bornes érigées par la commission et au besoin faire les réparations nécessaires. Les deux Gouvernements laisseront à la disposition de ces autorités un nombre suffisant de cartes relevées par la commission.

ARTICLE 15.

Les procès-verbaux de la commission, le carnet de repérage prévu à l'article 10 de cet accord, les cartes et tous autres documents préparés par la commission seront en double exemplaire et signés par les représentants, qui en donneront un exemplaire à leur Gouvernement respectif.

ARTICLE 16.

Le présent accord, fait en double exemplaire en français, entrera en vigueur immédiatement après la signature.

Fait à Bagdad, le 8 décembre 1938.

Pour le Gouvernement
royal de l'Irak :

Pour le Gouvernement
impérial de l'Iran :

[E 215/17/34]

No. 3.

Mr. Seymour to Viscount Halifax.—(Received January 9, 1939.)

(No. 419.)

My Lord,

Tehran, December 30, 1938.

IN my telegram No. 147 of the 30th December, I reported the rupture of diplomatic relations between Iran and France. My French colleague had, when I saw him to-day, received practically no information about what had happened in Paris to cause the Iranian Government, or rather the Shah, to proceed to this precipitate action. The whole storm seems to have blown up very rapidly, and M. Bodard told me that all he yet knew about it was as follows:—

2. On the 6th December M. Bodard had an audience with the Shah, at which His Imperial Majesty was in his most agreeable form and went out of his way to express his pleasure at his talk with the minister. M. Bodard the same day underwent an operation, and has since then been confined to his bed, where, in fact, he still is.

3. At about the same time, it seems, certain minor French newspapers were led, on the occasion of a cat-show, to indulge in some of the usual puns on "chat" and "Shah," a temptation which the French press has on previous occasions been unable to resist and which, under the present régime, causes violent resentment. M. Bodard is not yet certain of the further course of events: he believes, however, that the Persian Minister in Paris was received by M. Bonnet in person, but that, when the minister asked for a second interview, it was impossible to M. Bonnet, owing to his other engagements, himself to receive him. The Persian Minister, M. Sepahbodi, has a great sense of his own importance, and M. Bodard suspects that he probably made the worst of matters, and may have represented that the Shah's representative was not being treated with due consideration. I understand also that the Iranian Government requested that proceedings might be instituted against the offending paper or papers under the recent decree law dealing with libellous attacks on foreign countries, but that the French Government thought it impossible to adopt this procedure in the present instance.

4. The French Minister here was, during all this, slowly recovering from his operation and received no intimation from the Ministry for Foreign Affairs that anything was amiss. The first danger signal was the appearance, during the last few days, of anti-French articles in the Iranian press. These were followed, on the 29th December, by a note informing the minister that diplomatic relations had been severed. M. Bodard immediately telegraphed to Paris for instructions, but had not received them when I saw him to-day.

5. It is believed that the Prime Minister and Minister for Foreign Affairs made some attempt to dissuade the Shah from breaking off relations, and I have no doubt they would see the undesirability of such a step. It is, however, most unlikely that they would press their objections beyond the point of safety, and it is impossible to blame them.

6. It has long been a truism that the relations between other countries and Iran are at the mercy of journalists abroad. The present instance is an extreme example of this fact, and it must be a source of anxiety that such a grave step as the severance of relations should be decided upon with so little sense of proportion or responsibility.

7. Copies of this despatch are being sent to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Ambassadors at Bagdad and Paris.

I have, &c.

H. J. SEYMOUR.

[E 216/216/34]

No. 4.

Mr. Seymour to Viscount Halifax.—(Received January 9, 1939.)

(No. 420. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 27 for the period ending the 31st December, compiled by the military attaché to this legation.

Tehran, December 31, 1938.

Enclosure in No. 4.

(Secret.)

*Intelligence Summary No. 27 for the Period ending December 31, 1938.*1. *The Shah.*

HIS Imperial Majesty the Shah and the Royal family continue to be in residence at the Imperial Palace. His Majesty is reported to be as indefatigable as ever. Among his recent engagements were the opening of an Orphans Home in the city, inspection of municipal improvement schemes and surprise visits to army units.

His Majesty has also been closely studying the foreign exchange position and the proposed renewal of the German Trade Agreement.

2. *The Crown Prince.*

The first part of the official programme has now been fixed for His Highness the Crown Prince's wedding celebrations. His Royal Highness will leave Tehran on the morning of the 24th February, 1939, and will be accompanied by the following suite:—

His Excellency Hassan Isfandiari (Haji Muhtashim-us-Saltaneh), president of the Majlis.

His Excellency Dr. Matin-Daftari, Minister of Justice.

His Excellency Dr. Moadeb Naficy, styled "Grand Maître de la Maison Personnelle."

His Excellency Mohammad Ali Moghaddam, formerly Minister to the Balkan States.

M. le Dr. Qasmin Ghani, Member of the Majlis.

M. Abbas Massoudi, Member of the Majlis and editor of the *Ittalaat* and *Journal de Téhéran*.

M. le Dr. Abdullah Ferouhar, second secretary of the Iranian Legation in Cairo.

M. Ali Izadi, Comptroller of H.R.H. household.

Sarhang (Colonel) Motezedi, A.D.C.

Satwan (Captain) Qadimi, A.D.C.

Satwan (Captain) Isfandiari, A.D.C.

His Royal Highness will travel via Kazvin, Hamadan, Shahabad and Khosrovi (Irano-Iraqi frontier).

On arrival at the frontier His Royal Highness will inspect a guard of honour and a salute of twenty-one guns will be fired.

His Royal Highness and party will stay in Bagdad for two days (26th and 27th February).

On the 28th February he will leave Bagdad, arriving in Damascus and Beirut on the 1st March.

The Crown Prince will leave Beirut on the Egyptian royal yacht on the 2nd March, arriving in Alexandria on the 3rd March.

His Royal Highness will remain in Egypt about a month, during which the Moslem marriage ceremony will take place.

Their Royal Highnesses will leave Egypt by sea so as to reach Bandar Shahpur by the 14th April. Formal requests have been made to His Majesty's Government and the French and Italian Governments for a naval escort vessel

to accompany the royal yacht along their respective seaboard in the Red Sea. The British naval escort has been asked to accompany His Royal Highness from the Bab-el-Mandeb to the mouth of the Persian Gulf, after which the Imperial Iranian navy will furnish the escort.

The royal party will travel by train from Bandar Shahpur to Tehran and are expected to arrive in the capital on the 16th April.

3. *Iranian Officials.*

(i) After several changes the Shah has finally approved the appointment of M. Qasim Sur (formerly Sur-i-Israfil) (Military Attaché's Personalities, No. 284; Foreign Office Personalities, No. 201), late Governor of Gilan, to be officiating head of the Municipality of Tehran.

(ii) M. Ghulam Reza Nurzad (Military Attaché's Personalities, No. 204, Foreign Office Personalities, No. 148), late consul-general at Delhi, has been appointed head of the Consular Department at the Ministry for Foreign Affairs.

(iii) M. Abul Hassan Diba (Siqat-ud-Douleh) (Military Attaché's Personalities, No. 77, Foreign Office Personalities No. 62) has been appointed first secretary to the Iranian Legation in Bagdad.

4. *The Iranian Army.*

Reference Intelligence Summary No. 25 (current), paragraph 6 (iv).

(i) A further consignment of approximately 12,400 shells for the new Stokes Brandt 81 mm. mortars has been shipped from France to Iran.

(ii) Taking advantage of the still favourable weather many units of the Tehran Garrison have been seen carrying out section training in the excellent training areas immediately north of Tehran. The individual training of signallers and range-takers is also being carried out.

5. *The Iranian Air Force.*

Reference Intelligence Summary No. 16 (current), paragraph 5 (iii), and Intelligence Summary No. 23 (current), paragraph 8.

(i) It is reliably stated that the five Hawker "Audax" now under construction at the Shabbaz Aircraft Factory at Doshantappeh will not be ready for delivery by the end of the Iranian year (20th March, 1939). The blame for this delay will certainly be laid on the British personnel, more especially the acting technical adviser (Mr. F. Knight).

(ii) The arrangements for the production of twenty Hawker "Hind" machines during the new Iranian year (1939-40) are still under discussion. The acting British technical adviser has drawn up a provisional programme for their construction in batches of five, seven and eight so as to maintain a continuity of work throughout the factory and forestall any lack of raw materials and engines, &c., on order. The Iranian air force authorities wish, however, to construct the whole twenty machines at once, which is considered quite impossible.

6. *The Imperial Bank of Iran.*

The British-owned and staffed Imperial Bank of Iran have throughout the year been having considerable difficulty over the question of remitting their profits and employees' part salaries to London. Lately these troubles have come to a head and vital discussions have taken place between the general manager of the Imperial Bank in Iran and M. Bader, the Iranian Minister of Finance. The intention of the Minister is to restrict the bank's remittances to London to the profits (not exceeding 10 per cent.) on sterling transactions and on sterling advances to the Iranian Government or Government institutions.

The Minister of Finance is also pressing the bank to advance the Government £400,000 as the Government are short of foreign exchange resources. A number of foreign railway construction firms have to be paid off early in 1939 and, should the new German Clearing Agreement be approved, a lump sum payment in foreign currency of about £800,000 in part settlement of the outstanding debt may be necessary.

Discussions still continue, but it seems as if the activities of the Imperial Bank of Iran may have to be curtailed.

It is of interest to note that the Imperial Bank of Iran was founded fifty years ago. It has sixteen branches in Iran and two in Iraq. Unfortunately,

détaillées et d'une échelle plus grande qui seront annexées en marge des cartes ci-dessus mentionnées.

2. Étant donné qu'il existe une triangulation le long de la frontière irakienne basée sur l'ellipsoïde de Clarke 1880, la triangulation du levé topographique ci-dessus mentionné sera basée là-dessus.

3. Les deux Gouvernements mettront à la disposition de la commission, aussitôt que possible, un nombre suffisant d'experts topographes.

4. Les coordonnées géographiques des bornes-frontières seront déterminées par la triangulation du levé ci-dessus mentionné.

5. Les feuilles originales du levé ci-dessus mentionné seront signées par chacun des représentants.

6. Par un commun accord entre les deux Gouvernements la nouvelle carte sera publiée en français. Les représentants signeront deux de ces copies dont chaque Gouvernement recevra une et pourra la publier en sa langue nationale.

ARTICLE 10.

La commission préparera un carnet de repérage contenant les coordonnées géographiques de chaque borne, sa direction, sa distance de la borne précédente ainsi que l'azimut des points de repère visibles.

ARTICLE 11.

La commission nommera une sous-commission qui sera chargée de surveiller l'érection des bornes sur les emplacements désignés par la commission. Cette sous-commission sera composée soit des seconds représentants soit des membres techniques. Un rapport des travaux effectués par la sous-commission doit être soumis le plus tôt possible à la commission afin d'être inséré aux procès-verbaux de la commission.

ARTICLE 12.

Les frais de l'érection des bornes ainsi que tous autres frais communs seront à la charge des deux Gouvernements à parts égales et les comptes définitifs en seront préparés en double exemplaire et signés par les représentants des deux parties. Chaque Gouvernement en recevra un exemplaire.

ARTICLE 13.

Les deux parties contractantes s'engagent à faciliter les travaux de la commission, spécialement en ce qui concerne le logement, la main d'œuvre et les matériaux nécessaires. Chaque représentant et sa suite peuvent franchir librement le territoire des deux Gouvernements et y circuler pendant l'exécution des travaux.

ARTICLE 14.

1. Les deux parties contractantes s'engagent à protéger et entretenir les bornes érigées par la commission.

2. Les deux parties contractantes sont d'accord qu'après l'achèvement des travaux de délimitation, et au moins une fois tous les deux ans, leurs autorités locales près de la frontière coopéreront ensemble à contrôler toutes les bornes érigées par la commission et au besoin faire les réparations nécessaires. Les deux Gouvernements laisseront à la disposition de ces autorités un nombre suffisant de cartes relevées par la commission.

ARTICLE 15.

Les procès-verbaux de la commission, le carnet de repérage prévu à l'article 10 de cet accord, les cartes et tous autres documents préparés par la commission seront en double exemplaire et signés par les représentants, qui en donneront un exemplaire à leur Gouvernement respectif.

ARTICLE 16.

Le présent accord, fait en double exemplaire en français, entrera en vigueur immédiatement après la signature.

Fait à Bagdad, le 8 décembre 1938.

Pour le Gouvernement
royal de l'Irak :

Pour le Gouvernement
impérial de l'Iran :

E 215/17/34 - This paper not open to public
inspection until 1990.

[E 216/216/34]

No. 4.

Mr. Seymour to Viscount Halifax.—(Received January 9, 1939.)

(No. 420. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 27 for the period ending the 31st December, compiled by the military attaché to this legation.

Tehran, December 31, 1938.

Enclosure in No. 4.

(Secret.)

*Intelligence Summary No. 27 for the Period ending December 31, 1938.*1. *The Shah.*

HIS Imperial Majesty the Shah and the Royal family continue to be in residence at the Imperial Palace. His Majesty is reported to be as indefatigable as ever. Among his recent engagements were the opening of an Orphans Home in the city, inspection of municipal improvement schemes and surprise visits to army units.

His Majesty has also been closely studying the foreign exchange position and the proposed renewal of the German Trade Agreement.

2. *The Crown Prince.*

The first part of the official programme has now been fixed for His Highness the Crown Prince's wedding celebrations. His Royal Highness will leave Tehran on the morning of the 24th February, 1939, and will be accompanied by the following suite:—

His Excellency Hassan Isfandiari (Haji Muhtashim-us-Saltaneh), president of the Majlis.

His Excellency Dr. Matin-Daftari, Minister of Justice.

His Excellency Dr. Moadeb Naficy, styled "Grand Maître de la Maison Personnelle."

His Excellency Mohammad Ali Moghaddam, formerly Minister to the Balkan States.

M. le Dr. Qasmin Ghani, Member of the Majlis.

M. Abbas Massoudi, Member of the Majlis and editor of the *Ittalaat* and *Journal de Téhéran*.

M. le Dr. Abdullah Ferouhar, second secretary of the Iranian Legation in Cairo.

M. Ali Izadi, Comptroller of H.R.H. household.

Sarhang (Colonel) Motezedi, A.D.C.

Satwan (Captain) Qadimi, A.D.C.

Satwan (Captain) Isfandiari, A.D.C.

His Royal Highness will travel via Kazvin, Hamadan, Shahabad and Khosrovi (Irano-Iraqi frontier).

On arrival at the frontier His Royal Highness will inspect a guard of honour and a salute of twenty-one guns will be fired.

His Royal Highness and party will stay in Bagdad for two days (26th and 27th February).

On the 28th February he will leave Bagdad, arriving in Damascus and Beirut on the 1st March.

The Crown Prince will leave Beirut on the Egyptian royal yacht on the 2nd March, arriving in Alexandria on the 3rd March.

His Royal Highness will remain in Egypt about a month, during which the Moslem marriage ceremony will take place.

Their Royal Highnesses will leave Egypt by sea so as to reach Bandar Shahpur by the 14th April. Formal requests have been made to His Majesty's Government and the French and Italian Governments for a naval escort vessel

to accompany the royal yacht along their respective seaboard in the Red Sea. The British naval escort has been asked to accompany His Royal Highness from the Bab-el-Mandeb to the mouth of the Persian Gulf, after which the Imperial Iranian navy will furnish the escort.

The royal party will travel by train from Bandar Shahpur to Tehran and are expected to arrive in the capital on the 16th April.

3. *Iranian Officials.*

(i) After several changes the Shah has finally approved the appointment of M. Qasim Sur (formerly Sur-i-Israfil) (Military Attaché's Personalities, No. 284; Foreign Office Personalities, No. 201), late Governor of Gilan, to be officiating head of the Municipality of Tehran.

(ii) M. Ghulam Reza Nurzad (Military Attaché's Personalities, No. 204; Foreign Office Personalities, No. 148), late consul-general at Delhi, has been appointed head of the Consular Department at the Ministry for Foreign Affairs.

(iii) M. Abul Hassan Diba (Siqat-ud-Douleh) (Military Attaché's Personalities, No. 77; Foreign Office Personalities No. 62) has been appointed first secretary to the Iranian Legation in Bagdad.

4. *The Iranian Army.*

Reference Intelligence Summary No. 25 (current), paragraph 6 (iv).

(i) A further consignment of approximately 12,400 shells for the new Stokes Brandt 81 mm. mortars has been shipped from France to Iran.

(ii) Taking advantage of the still favourable weather many units of the Tehran Garrison have been seen carrying out section training in the excellent training areas immediately north of Tehran. The individual training of signallers and range-takers is also being carried out.

5. *The Iranian Air Force.*

Reference Intelligence Summary No. 16 (current), paragraph 5 (iii), and Intelligence Summary No. 23 (current), paragraph 8.

(i) It is reliably stated that the five Hawker "Audax" now under construction at the Shahbaz Aircraft Factory at Doshantappeh will not be ready for delivery by the end of the Iranian year (20th March, 1939). The blame for this delay will certainly be laid on the British personnel, more especially the acting technical adviser (Mr. F. Knight).

(ii) The arrangements for the production of twenty Hawker "Hind" machines during the new Iranian year (1939-40) are still under discussion. The acting British technical adviser has drawn up a provisional programme for their construction in batches of five, seven and eight so as to maintain a continuity of work throughout the factory and forestall any lack of raw materials and engines, &c., on order. The Iranian air force authorities wish, however, to construct the whole twenty machines at once, which is considered quite impossible.

6. *The Imperial Bank of Iran.*

The British-owned and staffed Imperial Bank of Iran have throughout the year been having considerable difficulty over the question of remitting their profits and employees' part salaries to London. Lately these troubles have come to a head and vital discussions have taken place between the general manager of the Imperial Bank in Iran and M. Bader, the Iranian Minister of Finance. The intention of the Minister is to restrict the bank's remittances to London to the profits (not exceeding 10 per cent.) on sterling transactions and on sterling advances to the Iranian Government or Government institutions.

The Minister of Finance is also pressing the bank to advance the Government £400,000 as the Government are short of foreign exchange resources. A number of foreign railway construction firms have to be paid off early in 1939 and, should the new German Clearing Agreement be approved, a lump sum payment in foreign currency of about £800,000 in part settlement of the outstanding debt may be necessary.

Discussions still continue, but it seems as if the activities of the Imperial Bank of Iran may have to be curtailed.

It is of interest to note that the Imperial Bank of Iran was founded fifty years ago. It has sixteen branches in Iran and two in Iraq. Unfortunately,

within recent years the bank has had to close down several of its branches owing to lack of business and the restrictions put upon it by the foundation of the Banque-i-Mellie (the National Bank), a purely Iranian concern, &c.

7. Egyptian Interests.

According to a press report from Cairo, both the Egyptian Legation in Tehran and the Iranian Legation in Cairo will shortly be elevated to the status of embassies.

8. French Interests.

A French mission, who are surveying a motor route between Paris and Saigon (Indo-China), passed through Tehran on the 22nd December. The mission was composed of the following:—

M. Henri de Vilmorin, explorer and journalist.
M. Roger Chancell, staff reporter of the *Candide*.
M. Maurice Schirrer, mechanic.

From Calcutta the route proposed to be followed is via Shingking, Yuanfu, Hanoi and Saigon.

9. The Trans-Iranian Railway.

(i) Train services are now running fairly regularly between Tehran and Bandar Shahpur. The passenger tariff rates have been provisionally fixed as under:—

First class: 0.40 rials per kilom.
Second class: 0.25 rials per kilom.
Third class: 0.15 rials per kilom.

(ii) According to press reports work has commenced on Lot 1 of the Qum-Yezd branch line. The contract has been given to an Iranian firm of contractors—Messrs. Kavesh. This lot is 30 kilom. long and will necessitate the construction of over 120 bridges, including one long bridge of fourteen arches, each 12 metres high, over the River Ab-i-Anarbar (Qum Rud) (degree sheet No. 9. J, squares D 2 and 3) at Qum.

(iii) Urgent enquiries have been made through His Majesty's Legation as to the possibility of purchasing in England for immediate shipment to Bandar Shahpur a number of sleeping and restaurant cars. These are required for the conveyance of their Royal Highnesses the Crown Prince and Princess and their guests on return from Egypt.

10. Refugees.

Iranian deportees continue to arrive from the U.S.S.R. but in decreasing numbers. In the course of a recent conversation His Excellency Muzaffar Aalam, Minister for Foreign Affairs, stated that the number of deportees was over 35,000. The question of their disposal is under discussion. It is reliably stated that those who have no relatives (however distant) in Iran with whom they could be billeted are to be sent well into the interior and the south. Iranian Mekran, Yezd and the mountainous country of Luristan south-east of Shiraz have all been mentioned as possible settlement areas.

It is also reported that among the deportees are a number of active Communist agents and a large proportion of criminals. The recent and increasing burglaries in Tehran are all attributed to these deportees.

11. Public Welfare.

Reference Intelligence Summary No. 23 (current), paragraph 12. The Bill requiring that a certificate of freedom from contagious disease must be produced by both parties before a State official can perform a marriage ceremony has been passed by the Majlis and has become law.

12. The National Bank (Banque-i-Mellie).

During the next two years the National Bank has decided to build over thirty new branches throughout Iran, besides the construction of even a more elaborate and expensive head office than the present one in Tehran, which was only completed a year ago.

The present head office is being enlarged and contains a restaurant, club-rooms, library and swimming bath for the staff.

13. United States Interests.

Reference Intelligence Summary No. 22, paragraph 6. M. Ali Akbar Daftari has been appointed Iranian Chargé d'Affaires at Washington. This is probably due to the results of the recent visit to Tehran of Mr. Wallace Murray, head of the Near East Bureau of the State Department.

14. Tehran Water Supply.

The question of a piped water supply for the capital is again under discussion. The present scheme envisages the harnessing of the Kerej River (million sheet No. 9, square D 1) 21 miles west of Tehran and the laying of conduit pipes to reservoirs north of the city.

Several foreign firms are submitting tenders.

15. Iranian Baluchistan.

Reference Intelligence Summary No. 25 (current), paragraph 13. Quetta Intelligence Bureau reports that Iranian troops and Amnieh who were engaged in operations against the Ismailzais have returned to their peace stations. The tribe have submitted and have agreed to live at peace with their neighbours. The authorities propose now establishing two permanent posts in Ismailzai limits. Nazar Muhammad, a cousin of Juma Khan, has been appointed Sirdar of the Ismailzais and has agreed to co-operate.

16. French Interests.

Diplomatic relations between the Imperial Government of Iran and the French Government have been broken off by order of His Imperial Majesty the Shah.

It is stated that the Shah has taken great offence to reports in French newspapers of the annual cat show held at the Salle Wagram in Paris. Pictures of this show appeared in the *Excelsior* and other dailies of the 3rd December, combined with headings such as "Quand le Chat est Roi," "Sa Majesté le Chat," "Une Famille de Persans blancs dans leur Cage ouatée et tendue de Soieries," &c.

Immediate protests were made to the Quai d'Orsay by the Iranian Minister in Paris. M. Bonnet expressed his surprise at the protest and offered to make apologies. The Iranian Minister again called on the French Foreign Minister a few days later. M. Bonnet, owing to pressure of more urgent affairs, did not receive him, but the Iranian Minister saw an Under-Secretary. This, too, is said to have caused offence to the Shah. The French Minister in Tehran was handed a formal notice of the "breaking off of diplomatic relations" at noon on the 29th December.

The French Legation are preparing to move at short notice on the receipt of instructions from Paris.

17. The Press.

The offensive against the foreign press continues. This time the following French newspapers and periodicals have been severely criticised:—

The Petit Parisien.
The Excelsior.
L'Os à Moelle.
The Auto.
The Journal.

Apparently there is a deliberate misunderstanding of the word "chat" for "Chah." Otherwise the whole Iranian press is, as usual, sycophantic in its praise of the Shah and the Crown Prince, so much so, that it is becoming most tiresome reading. Articles, speeches or alleged interviews with foreigners all end up by stating that everything good in Iran is due solely to the beneficence of our well beloved Sovereign and his equally loved son!

H. J. UNDERWOOD, Lieutenant-Colonel,
Military Attaché.

Tehran, December 31, 1938.

[E 746/216/34]

No. 5.

Mr. Seymour to Viscount Halifax.—(Received January 30.)

(No. 12. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 1 for the period ending the 14th January, 1939, compiled by the military attaché to this legation.

Tehran, January 14, 1939.

Enclosure in No. 5.

(Secret.)

*Intelligence Summary No. 1 for the Period ending January 14, 1939.*1. *The Shah.*

HIS Imperial Majesty the Shah continues in residence at the Imperial Palace.

2. *The Royal Family.*

(i) On the 1st January His Royal Highness the Crown Prince paid a visit of inspection to the Lycée Darul Fanoun. During his visit His Royal Highness made a short speech emphasising the importance of a military career in preference to any other. He concluded by saying: "We are all for our Shah, God and the country."

(ii) On the 7th January, the fourth anniversary of the emancipation of Iranian women, their Royal Highnesses the Princess Shahdukht (Shams-ul-Mulk) Pahlavi and Princess (Ashraf-ul-Muluk) Pahlavi attended a reunion at the Tehran Ladies' Club in the Khiaban Sipah. They were received at the club entrance by the club president, Mme. Daulat Abadi, and a guard of honour of girl guides. After the president had read a report on the club's activities, a musical and theatrical programme was given. During the course of the evening a telegram of grateful thanks and devotion was sent to His Imperial Majesty the Shah for the granting of social equality to women.

The Tehran Ladies' Club, which has a membership of over 500, has facilities for social gatherings, tennis, physical culture, dancing, amateur theatricals, &c. Lectures are also regularly given by experts on subjects of feminine interest.

3. *Iranian Officials.*

(i) Dr. Mohammad Sadjaddi, Under-Secretary of State in the Ministry of Roads and Communications, at present officiating as Acting Minister, has been confirmed as Acting Minister of Roads and Communications.

(ii) M. Hassan Farzan, late of the Ministry of the Interior, has been appointed Under-Secretary in the Ministry of Roads and Communications *vice* Dr. Mohammad Sadjaddi.

(iii) M. Ghulam Hassein Ibtehaj (Military Attaché's Personalities, No. 117—Foreign Office Personalities, No. 66) has been appointed deputy head of the Tehran Municipality in addition to his own duties in the Ministry of Interior.

4. *The Iranian Army.*

(i) Units of all arms of the Tehran garrison have been observed carrying out tactical training. This included practice in various attack formations supported by both light and heavy tanks.

Preparatory to the advance, the infantry were well extended and had utilised available cover, excepting the officers who were standing about conspicuously. This, however, may have been for instructional purposes as all the officers seen were wearing greatcoat and swords.

Several light tanks were seen to be in difficulties when crossing a dry boulder-strewn nullah. Obviously no attempt had been made to reconnoitre a route previously.

(ii) A British civilian eye-witness at the funeral of the late Turkish President states that the Iranian contingent did not distinguish themselves either in soldierly bearing, turn-out or marching. Many were out of step and they kept up a continual stamping during the procession. The German contingent was also very noisy. The Russian contingent were one of the best, being well turned out and drilled.

(iii) An Ahwaz consular report states that a special travelling commission composed of representatives of the Ministries of the Interior, Justice, War, Education, &c., on a recent visit to Khuzistan, have discovered that several senior officers of the 6th Khuzistan Division were implicated in extensive smuggling operations and corrupt dealings with the local tribes. Considerable quantities of smuggled goods have been found in the houses of nearly all military officers. Sarhang (Colonel) Jamshir, Divisional Chief of Staff has been arrested and is in military custody. The General Officer Commanding Sar Lashgar (Major-General) Muini is also under strong suspicion as he has been making extensive purchases of land in Resht, his own district. Sar Lashgar Muini has, however, taken energetic and apparently successful steps to discredit the findings of the travelling commission by attributing it to enmity, jealousy, &c. Nevertheless, it is probable that he will be replaced in the near future.

There is no doubt that the military authorities have been bleeding the local Arabs, so much so that the left bank of the Shatt-el-Arab has lost numbers of its population who have fled into Iraq. This is having a marked effect on the grain produced in the province which formerly exported its surplus wheat and barley.

5. *The Iranian Air Force.*

(i) It is reliably reported that the Iranian Government has asked Messrs Handley Page for quotations for the "Hampden" bomber. They have also approached the Bristol Aeroplane Company (Ltd.) in connexion with the purchase of six long-nosed "Blenheim" bombers and twenty-four Mercury VIII engines. The Iranian Government are also obtaining tenders for the supply of bomber aircraft and engines from other aircraft producing countries. Delivery dates are specially asked for.

(ii) Reference Intelligence Summary No. 25 of 1938, paragraph 7 (ii). Eighteen of the new "Hind" machines have already been flown from Ahwaz and are now at Qila Murgha Military Aerodrome where they are being tried out. The remaining seventeen are expected to arrive during the month.

(iii) Fourteen "Audax" machines belonging to No. 1 Air Regiment at Qila Murgha have been sent into the aircraft factory at Doshantappeh for urgent overhaul, after which they are to be allotted to the new squadron which is to be formed at Tabriz.

It is interesting to note that the flight from Ahwaz to Tehran by the "Hind" machine is done in little more than two and three-quarter hours.

(iv) Mr. F. Knight, acting technical adviser to the Imperial Iranian Air Force and employed at the aircraft factory, has declined to renew his contract when it expires on the 15th May of this year. His reasons for this step is the state of chaos existing at the factory as a result of the constant disregard of his advice by the air force authorities.

6. *The Majlis.*

The Majlis have recently passed several important and interesting measures. Among these is an act for the readjustment of house and shop rents. The intention of this law is to force down the exorbitant rents imposed by landlords and to protect tenants from being evicted in favour of anyone offering higher rent. During the past few years there has been a decided movement from the countryside to the cities where, owing to housing shortage, landlords have been reaping a rich harvest by increasing rents annually. The Bill, which has now been passed into law, fixes rents for the next three years at the rent figure charged in Mehr 1315 (September-October 1936). Penalties include from three to twelve months' correctional imprisonment and fines varying from 5 to 50,000 rials.

The general consensus of opinion appears to be that rents were already on the downward trend owing to the recent large building construction and

that landlords have themselves backed this law so as to keep rents up at a peak period when there really was a housing shortage. In any case, it is thought that the landlords will manage to find a means of circumventing this law.

Another important law is the proposed establishment of an office for the "Enlightenment of Public Opinion." Briefly it is intended to set up a general council in the capital for this purpose. This will be composed of representatives from the university, schools, adult educational authorities, boy scouts and girl guides officials and the press bureau, &c. Public opinion will be moulded by means of the press, school books, books of general interest, public meetings, theatres, cinemas, radio broadcasts, concerts and patriotic songs. Sub-committees responsible for the vigorous organisation and preparation of each of the above subjects are to be formed and will commence drawing up programmes.

It is mentioned in the Act that when the Tehran Broadcasting Station is opened this year loud speakers will be erected in all important towns and villages throughout the country.

The members of the general council and sub-committees have already been nominated, and the first meeting has taken place.

7. *Treaties and Agreements.*

(i) Reference Intelligence Summary No. 11 of 1938, paragraph 12. Treaties of Friendship between Iran, the Argentine and Mexico respectively have been ratified.

(ii) Reference Intelligence Summary No. 6 of 1938, paragraph 3. The Clearing Agreement between Iran and Switzerland has been cancelled.

(iii) Iran has become a signatory to the International Convention on Submarine Warfare, dated the 6th November, 1936.

8. *The Use of Latin Script.*

Continuing the energetic campaign for the complete suppression of all Latin script, the Ministry of Education have circulated all schools and colleges forbidding the use of Latin script in algebra and physics. All letters or figures must be written in Persian. The circular goes on to say that all formulas used in chemistry written in Greek or Latin script will also gradually be replaced by Persian signs, &c., which will be communicated later.

In this connexion it may be mentioned that the British personnel employed at the aircraft factory are now experiencing considerable difficulty in finding any of the 20,000 spare parts required for the construction of "Audax" aircraft as the British wording and figures has recently been deleted from the index cards. Works orders also are now solely written in Persian. It is known that His Imperial Majesty the Shah is the main instigator of this campaign.

9. *Adult Education.*

According to a press report, the number of persons attending adult education courses is 124,233. These classes are normally held in the evenings and are steadily growing in popularity. Amongst those attending are peasants, masons, labourers, bath attendants, butchers, chauffeurs, waiters, &c.

10. *Communications.*

(i) *Railways.*—Reference Intelligence Summary No. 26 of 1938, paragraph 9 (ii). Messrs. Consortium Kampsax have not succeeded in arranging a new contract for further railway construction. There is a well-founded rumour now that the Iranian Government may themselves undertake construction assisted by Czechoslovakian engineers, whose services can be obtained cheaply.

(ii) An interesting report states that one of the reasons for M. Ahi's (late Minister of Roads and Communications) dismissal was his strong insistence on the new Tabriz-Tehran line being of the same gauge as the Tabriz-Julfa line, in order to assist trade and have direct through communication with Europe. The gauge of the Trans-Iranian Railway is European standard (4 feet 8½ inches), and the Tabriz-Julfa Railway is Russian standard (5 feet).

(iii) *Country Roads.*—The Ministry of Roads and Communications have issued detailed orders for the urgent construction of village roads. The intention is that each village worthy of the name should be connected to the main roads or to the nearest market town by a road passable in all weathers. Grants-in-aid will be made to rural councils.

11. *French Interests.*

Reference Intelligence Summary No. 26 of 1938, paragraph 16. According to reliable French sources, the Iranian Minister in Paris saw M. Bonnet, the French Minister for Foreign Affairs on the 13th December, but made no representations or complaints. The sudden breaking off of diplomatic relations was thus decided upon with no previous warning or discussion.

Following the official notification of the rupture of diplomatic relations, an extraordinary situation has arisen in Tehran. The French Minister, M. Albert Bodard, formerly at Addis Ababa and present during the Italo-Ethiopian campaign, has received no definite instructions to leave Iran. He himself is ill and unable to travel. All the members of the French Mission and, indeed, most of the French colony, are insistent that the legation leave Iran immediately as it is considered that the longer it remains the worse it will be for French interests. M. Bodard does not, however, agree with this view. It is possible that M. Bodard and the Quai d'Orsay may be attempting to find a channel through which French explanations may be brought to the Shah, as certainly none of the Cabinet Ministers will dare mention the matter again to their Royal master.

News was received in Tehran on the 9th January that M. Anushirwan Sipahbudi (Military Attaché's Personalities No. 282), Iranian Minister in Paris, together with his mission, had been recalled.

It is an interesting fact that in the archives of the Iranian Foreign Office there is a report, dated 1867, from the Persian Minister in Paris to Nasir-ud-din-Shah complaining that the street urchins frequently made cat-calls after him in the street, and even outside the open windows of his official residence. Nasir-ud-din-Shah wrote in the margin of this despatch: "I consider it beneath the dignity of my representative to take notice of such rudeness. I do not wish to hear anything further of this matter!"

Unfortunately, the present Shah can be infuriated by some article in even the most obscure publication of the foreign press, and this is naturally a source of anxiety as he may take his revenge in some unforeseen manner.

12. *Mercantile Marine.*

The Ministry of Finance have asked for tenders for the construction of three modern cargo steamers each of 5,000 tons and fitted with Diesel oil-burning engines.

These cargo steamers will have a number of passenger cabins and will also be fitted with refrigerating chambers. The ships are to be handed over in the Persian Gulf. Those interested are asked to apply to the financial secretary at the Iranian Legation in Berlin.

This confirms a report that His Imperial Majesty wishes Iran to have its own mercantile marine.

H. J. UNDERWOOD, *Lieutenant-Colonel.*

Tehran, January 14, 1939.

[E 1283/1283/34]

No. 6.

Mr. Seymour to Viscount Halifax.—(Received February 20.)

(No. 19.)

My Lord,

Tehran, January 25, 1939.

IN paragraph 9 of my despatch No. 528 of the 9th December, 1936, I had the honour to report that in the opinion of His Majesty's late Consul-General for Khorassan the visits paid by non-Moslem British subjects to the Shrine of Imam Riza at Meshed has been the cause of serious anti-British feeling in Meshed. I therefore gave instructions that unless and until His Majesty's Consul-General for Khorassan reported that the situation had entirely changed, no non-Moslem British official serving in Iran should enter the shrine and I instructed His Majesty's Consul-General to do all he could to dissuade other British subjects from doing so.

2. As a result of the Government's policy of weakening the power of religion the position had now entirely changed. I recently discussed with His Majesty's Consul-General for Khorassan the advisability of reviewing our policy

in the near future, and I now have the honour to enclose a copy of a despatch in which Mr. Squire recommends that the ban on visits to the shrine by British subjects should be removed.

3. I consider that Mr. Squire's despatch gives a clear and accurate description of the present position and I concur in the recommendations which he makes in his last paragraph. Subject to your Lordship's views I would therefore propose to inform Mr. Squire that while he still has authority to forbid non-Moslem British officials to visit the shrine should circumstances again render it advisable to do so, he need no longer seek to dissuade travellers or officials from visiting the shrine if they so wish. His Majesty's diplomatic and consular officers should also be authorised to accept invitations to visit the shrine which they may receive from Iranian authorities.

4. A copy of this despatch is being sent to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Consul-General for Khorassan at Meshed.

I have, &c.
H. J. SEYMOUR.

Enclosure in No. 6.

Consul-General Squire to Mr. Seymour.

(No. 8-1/4A. Confidential.)
Sir,

Meshed, January 16, 1939.

I HAVE the honour to refer to your despatch No. 114 of the 9th December, 1936, on the subject of visits by non-Moslem British subjects to the Shrine of Imam Reza in Meshed.

2. At the time when the present policy of exclusion from the shrine was advocated in my predecessor's despatch No. 103 of the 15th October, 1936, the Meshed riots were of comparatively recent occurrence and still loomed large in men's thoughts. During the two years which have elapsed since that despatch was penned much water has flown under the bridges and, as I have indeed already indicated more than once, the policy then adopted needs re-examination.

3. The main grounds on which my predecessor recommended that non-Moslem British subjects should refrain from entering the shrine may be briefly summarised as follows:—

- (1) The intensity of feeling aroused by any action tending to desecrate the shrine was only dormant and would spring to life again if Government vigilance were to be in the slightest degree relaxed.
- (2) Though the Central Government might give orders for visitors to be taken over the shrine the local authorities were much averse to having to make arrangements for their safety.
- (3) Anti-British feeling would inevitably be aroused, and indeed had already to some extent been aroused, by the entry of British non-Moslem subjects into the shrine, while certain Sikhs attempting to enter had been rudely turned away.
- (4) The Russians had never attempted to enter the shrine, and it was not for us to take the lead in any attempt being made to break down prejudice.
- (5) The shrine had never been officially declared open to non-Moslems.

That these arguments were extremely weighty in 1936 I do not question, but yet, such is the pace of progress now being forced on the country that there is hardly one of them, with the possible exception of the first, that retains any validity to-day.

4. A young man of no particular education who has until recently served as one of the official guides to pilgrims to Meshed recently told me that it was now a commonplace for students in Meshed to ask one another how Imam Reza can have any real sanctity: "Was he not poisoned by one of the Caliph Mamun's slave girls with whom he was carrying on a discreditable intrigue?" Three years ago even to whisper such a heresy, for which incidentally there appears to be no authority, would have spelt instant death for its sponsor. The mujtahids and

mullahs who inspired the earlier fanaticism are now entirely discredited. Even the Berberis, perhaps the most unstable element in the local population and the principal victims of the 1935 riots, are rapidly losing their faith in the priesthood and will never again follow their lead blindly as in the past. The rapid spread of literacy, among adults as well as students, is teaching the people that the old mullahs were narrow and bigoted and used their authority largely to fleece the wealthy and to oppress the ignorant. Fanaticism may continue to exist in the remoter parts of the country, but this could hardly affect the course of events in Meshed or be in any way itself affected by the entry or otherwise of British non-Moslems into the shrine.

5. The ease with which the Government has been able to curtail the celebration of the sacred month of Muharram in Meshed is another indication of the extent to which religion has lost its power and possibly also, as is claimed by supporters of the present policy, of the superficial nature of Iranian fanaticism itself. Each year sees further inroads on established tradition. In 1937 Rauza Khanas (mourning recitals) were allowed only under licence. In 1938 they were entirely forbidden. The black flag which always flew over the shrine during the month was last year removed and the Shah's birthday celebrations were held on the most sacred days of the month with all the usual illuminations and festivities. No one, I think, could possibly have foreseen that the frenzied celebrations of Muharram, which until a very few years ago were a potential danger to non-Moslems not only in Meshed but throughout Iran could have so completely disappeared within so short a time.

6. That religious fervour still exists is undoubted, but that the authorities themselves no longer regard it as a menace is shown by the fact that recently the shrine has been entirely thrown open to the followers of all religions alike and not even the formal permission which until recently was necessary for a visit is now required. Visits by foreigners during the past two years have been increasingly frequent, and whereas the earlier ones including that of the Soviet Chargé d'Affaires and Consul-General in June 1937 caused some comment, more recent visitors, in whose number nearly all the staff of the American Mission in Meshed may now be included, have apparently aroused no interest whatever. Even Sikhs, in their distinctive dress, have been seen without escorts in the shrine chamber itself.

7. It is, I think, no longer true to say that visits by non-Moslems are likely to give rise to anti-foreign, much less to anti-British, feelings. He would be a rash man who would prophesy that there will be no disturbances in Meshed or elsewhere in the country as soon as the control of the present Shah is removed. The whole régime is, indeed, intensely unpopular, but the tendency in East Iran is for the prevailing tyranny to be compared with the freedom enjoyed under British rule, and it is to me inconceivable that any revolt against the present order in Meshed should include, as one of its objectives, the British consulate and British subjects. On the contrary, we are far more likely to find ourselves in the embarrassing position of being courted by both sides and asked for our active assistance. Even if my reading of the situation is at fault and disturbances should again bring out latent fanaticism and so develop into a "jihad," I cannot see that the fact that we had in the past entered or refrained from entering the shrine would carry any weight with an excited and unreasoning mob.

8. On the other hand, the maintenance of the ban is not only a source of embarrassment to us with some of our own nationals visiting Meshed but its existence is well known to the authorities and only serves to deepen their conviction, which indeed is not altogether without foundation, that our main object in forbidding such visits is definitely to dissociate ourselves from the policy of the Government. From this it is but a short step to accusations of positive intrigues against the existing régime. If, therefore, we at all desire to improve our relations with the authorities, which are nowhere in Iran worse than they are in Meshed, it seems to me that the removal of the misunderstandings engendered by the existence of this ban might possibly be the first step to this end.

9. For the present I would not recommend any express modification of the existing instructions forwarded to me with your despatch No. 48 of the 13th August, 1937, under which His Majesty's Consul-General at Meshed still has authority absolutely to forbid non-Moslem officials from visiting the shrine should circumstances again render it advisable in his opinion to do so. Nor would I go out of my way to assist either officials or non-officials in paying such visits. But

I should no longer try to dissuade travellers whose main object in coming to Meshed is to visit the shrine from doing so. In particular, I deprecate attempts to evade official invitations on the part of those, whether His Majesty's diplomatic or consular officials or others, for whom it is difficult to refuse to visit the shrine without making it appear that such refusals are a part of a settled policy of unfriendliness to the present régime.

10. I am sending a copy of this despatch to the Government of India under printed letter No. 18-1/4A.

I have, &c.

G. F. SQUIRE.

[E 1286/216/34]

No. 7.

Mr. Seymour to Viscount Halifax.—(Received February 20.)

(No. 26. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 2 for the period ending the 28th January, 1939, compiled by the military attaché to this Legation.

Tehran, January 28, 1939.

Enclosure in No. 7.

(Secret.)

Intelligence Summary No. 2 for the Period ending January 28, 1939.

1. The Shah.

(i) On the 15th January His Imperial Majesty the Shah carried out a thorough inspection of the newly constructed Ministry for Foreign Affairs. He was accompanied on his tour by M. Muzaffar Alam (Military Attaché's Personalities, No. 12—Foreign Office Personalities, No. 3), Minister for Foreign Affairs. On leaving, the Shah expressed his pleasure at what had been accomplished. It is expected that the new Ministry will be completed in about two months' time.

(ii) On the 16th January His Imperial Majesty the Shah inspected the eighteen recently delivered "Hind" aircraft at Qila Murgha aerodrome.

2. The Royal Marriage Ceremonies.

Reference Intelligence Summary No. 27 of 1938, paragraph 2.

(i) His Excellency M. Muzaffar Alam, Minister for Foreign Affairs, will accompany His Royal Highness the Crown Prince as far as Beirut.

(ii) The second and third parts of the official programme (return of their Highnesses the Crown Prince and Princess from Egypt, and the marriage ceremonies in Tehran) have now been published in the press. These are given as Appendix A⁽¹⁾ to this summary.

(iii) His Majesty's Government have ordered a naval escort to accompany the Royal Yacht from the Bab-el-Mandeb to the mouth of the Persian Gulf. They have also proposed to send his Excellency Vice-Admiral J. F. Somerville, C.B., D.S.O., Commander-in-chief, East Indies Squadron, together with a naval detachment to attend the wedding celebrations at Tehran. His Imperial Majesty the Shah has accepted this proposal with keen pleasure.

3. Iranian Officials.

(i) M. Jawad Ameri (Military Attaché's Personalities, No. 15—Foreign Office Personalities, No. 13) has been appointed Under-Secretary of State for Foreign Affairs.

(ii) M. Mohammad Ali Mugaddam (Military Attaché's Personalities, No. 181—Foreign Office Personalities, No. 127), former Minister for Iran at Bucharest, has been appointed Director-General at the Ministry for Foreign Affairs.

⁽¹⁾ Not printed.

(iii) M. Abdul Hasan Pirnia (Muazid-us-Saltaneh) (Military Attaché's Personalities, No. 211—Foreign Office Personalities, No. 155) has been appointed Ustandar (Governor-General) of Fars—7th Ustan.

(iv) M. Ali Akbar Bahman (Military Attaché's Personalities, No. 56—Foreign Office Personalities, No. 44) former Iranian Ambassador at Kabul has been appointed ambassador at Cairo.

4. The Iranian Army.

(i) It is reliably reported that certain divisions and independent brigades of the Iranian army will shortly be grouped into army corps.

(ii) An independent mechanised brigade consisting of three regiments has been formed in Tehran. Repair workshops have already been constructed and the necessary machinery (supplied by a German firm) is being installed.

Brigade headquarters—

General Officer Commanding, Sarhang (Colonel), acting Sartip (Brigadier) Ahdi.

Chief of the General Staff, Sarhang (Colonel) Ibrahim Arfa.
Attached, one section of motor cyclists.

Troops—

1st Regiment (anti-aircraft) consisting of two battalions.

2nd Regiment (A.F.V.'s) consisting of two battalions of tanks and two companies of armoured cars.

3rd Regiment (machine-gun unit) consisting of two battalions with fifty cars each.

(iii) His Imperial Majesty the Shah has ordered the following transfers of divisional commanders to take place forthwith:—

(a) Sarlashgar (Major-General) Mohammad Mohtashimi, General Officer Commanding 4th (Eastern Azerbaijan) Division, to be General Officer Commanding 9th (Khorasan) Division.

(b) Sarlashgar (Major-General) Said Ahmad Muini, General Officer Commanding 6th (Khuzistan) Division, to be General Officer Commanding 3rd (Western Azerbaijan) Division.

(c) Sarlashgar (Major-General) Mohammad Shahbakhti, General Officer Commanding 3rd (Western Azerbaijan) Division, to be General Officer Commanding 6th (Khuzistan) Division.

(d) Sarlashgar (Major-General) Iraj Khan Matbui, General Officer Commanding 9th (Khorasan) Division, to be General Officer Commanding 4th (Eastern Azerbaijan) Division.

(iv) It is reported, but as yet unconfirmed, that the Ministry of War have placed an order for an unknown number of motor cycles and side-cars with a Government factory in Belgium. It is understood that a machine gun with ammunition and tripod is carried on the side-car, while the machine gunner rides behind the driver on a pillion seat.

(v) According to a consular report, three anti-aircraft guns have been issued to the 7th (Fars) Division as part of their normal equipment.

5. The Iranian Air Force.

(i) Reference Intelligence Summary No. 1 (current), paragraph 5 (iii). Sarhang (Colonel) Shaibani has been selected to command the new air squadron to be stationed at Tabriz. An unconfirmed report states that this squadron will leave for Tabriz on the 22nd February.

(ii) Reference Intelligence Summary No. 1 (current), paragraph 5 (iv). As a result of Mr. Knight's explanation of his refusal to renew his contract with the Iranian air force, active steps are being taken by the Ministry of War to enquire into the management of the aircraft factory. This is causing considerable anxiety among certain high ranking officers of the Iranian air force.

6. *The French Military Mission.*

Reference Intelligence Summary No. 25 of 1938, paragraph 5. The French Military Mission have now left Iran. Colonel Henriot and Lieutenant-Colonel Pechaud Chalret du Rieu, on bidding farewell to the Minister of War, were both handed the Order of Humayun, 4th Class.

7. *French Interests.*

On the 13th January Commandant R. Lelen, the French military attaché, received telegraphic instructions from the French War Ministry ordering him to return to France forthwith without waiting for his relief. He was ordered to hand over his archives to the Chancery of the French Legation and to place the services of his adjutant (clerk) at the disposal of the French Minister.

No reason was given for this sudden recall of the military attaché, but it is thought possible that the French War Ministry regard the dismissal of the military mission as an insult and have therefore recalled their representative.

The French Minister and the remaining members of the French mission still linger in Tehran. It is now said that diplomatic relations will be resumed shortly, as His Royal Highness the Crown Prince and his suite still intend travelling to Egypt via Syria and Beirut.

8. *Egyptian Interests.*

(i) Reference Intelligence Summary No. 27 of 1938, paragraph 7. A communiqué of the Ministry for Foreign Affairs, dated the 25th January, states that both the Egyptian Legation in Tehran and the Iranian Legation in Cairo have been raised to the status of embassies.

(ii) The Iranian press continue to publish articles on Egypt; the majority of these are historical, accentuating, where possible, some parallel between Iranian and Egyptian development. Topical articles on Egyptian affairs are also featured.

9. *Iranian Rubber Factory.*

Authentic information has been received that the Shah has given instructions for a budget to be prepared for the construction of a factory in the vicinity of Tehran for the manufacture of motor tyres and inner tubes and rubber goods generally.

10. *The Baluchistan Frontier—Iranian Survey.*

Reference Intelligence Summary No. 9 of 1938, paragraph 7, and Intelligence Summary No. 11 of 1938, paragraph 15. The frontier survey has been resumed and the survey of the border between Kila Sufaid and Jozzak has already been completed. The head of the survey party is M. Mohsen Ansari. For the present, the town of Mirjawa is being used as the base.

11. *Iranian Baluchistan.*

According to a consular report, the military authorities have already collected over 200 rifles from the defeated Ismailzais. The name of this tribe has been changed to "Shahbakhsh" by order of His Imperial Majesty the Shah.

The General Officer Commanding 8th (Mekran) Division, Sartip (Brigadier) Syed Mahmud Amini, has now called upon the Yarmondzais, Gamshadzais and other Baluch tribes to surrender all arms in their possession, and he has threatened to use force if his order is not complied with.

12. *The Anglo-Iranian Oil Company.*

The company have recently increased their air fleet by the purchase of four seven-seater De Havilland "Rapide" aircraft. These have already been delivered at Abadan.

13. *Communications.*

The construction of all-weather roads from Abadan to Ahwaz and thence to the oil-fields will shortly be undertaken by the local authorities in co-operation with the Anglo-Iranian Oil Company. The roads will be of asphalt and of special design

14. *The Imperial Bank of Iran.*

Reference Intelligence Summary No. 27 of 1938, paragraph 6. The discussions between the representatives of the Imperial Bank of Iran, the Exchange Commission and the Ministry of Finance are reported to be progressing satisfactorily.

15. *Public Welfare.*

Reference Intelligence Summary No. 23 of 1938, paragraph 12, and Intelligence Summary No. 27 of 1938, paragraph 11. A medical practitioner has written to the press stressing the difficulties that doctors will experience in making correct diagnosis. He appeals to the Ministry of Justice to take into consideration the severity of penalties to be inflicted on doctors who issue incorrect certificates.

16. *The Majlis.*

(i) The sum of £300,000 sterling has been voted from Government reserves towards the cost of railway construction (buildings and sidings) at Bandar Shapur.

(ii) A Bill for the creation of the Mortgage Bank of Iran with an initial capital of 200 million rials (£2½ million) is now under discussion.

17. *Broadcasting.*

Reference Intelligence Summary No. 13 of 1938, paragraph 16.

(i) The British Standard Telephone Company have secured the contract for the construction of an up-to-date broadcasting station in Tehran. It is understood that the Telefunken Company of Germany are to erect receiving stations in the provinces.

(ii) The daily programmes of the British Broadcasting Corporation and the Deutsche Kurzwellsender, Berlin, are regularly featured in the press.

(iii) According to the latest reports, there are seven wireless dealers in Tehran who import more than 1,000 sets per annum. These receivers are of the following makes:—

Westinghouse.
R.C.A.
Philco.
Philips.
Lorenz.
Telefunken.
Marconiphone.

There are now over 3,000 wireless receiving sets in use in Tehran alone.

18. *U.S.S.R. Interests.*

An unconfirmed report states that the Acting Minister of Commerce, M. Sadiq Vassighi, accompanied by trade experts, will shortly proceed to Moscow with a view to negotiating for the renewal of the Iran-Soviet Trade Agreement now lapsed.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, January 28, 1939.

[E 1795/210/34]

No. 8.

Mr. Seymour to Viscount Halifax.—(Received March 10.)

(No. 32 E.)

My Lord,

Tehran, February 6, 1939.

WITH reference to Mr. Butler's despatch No. 85 E. of the 5th March, 1938, I have the honour to transmit to your Lordship herewith a copy of the official publication⁽¹⁾ of the Banque Mellié Iran furnishing details of the annual report

⁽¹⁾ Not printed.

submitted to the general meeting and the bank's balance sheet in respect of the year 1316 (21st March, 1937, to 20th March, 1938).

2. Notes in circulation at 849,708,385 rials (about £10,621,355 at the official rate of 80 rials to the £) show an increase of 36,522,165 rials on the figure at the end of the previous year.

3. Gross profits in 1316 amounted to 101,971,949·90 rials, leaving a nett profit of 79,651,796·45 rials (£995,647), of which 10 per cent. was passed to the Statutory Reserve and 1,186,616·80 rials brought forward to the new account, the balance of 70,500,000 rials (£881,250) being made available for "dividend to be distributed." It will be remembered that in the budget for 1316 the "benefice des actions de la Banque Mellié Iran" was estimated at 40 million rials (£500,000). In the budget for the current year (21st March, 1938, to 20th March, 1939) the estimate is 85 million rials (£1,062,500).

4. The bank's publication includes a brief report on the economic situation in Iran.

5. A copy of this despatch is being sent to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Ambassador at Bagdad.

I have, &c.

H. J. SEYMOUR.

[E 1806/159/34]

No. 9.

Mr. Seymour to Viscount Halifax.—(Received March 10.)

(No. 56.)

My Lord,

Tehran, February 16, 1939.

I HAVE the honour to refer to the interesting memorandum prepared by Mr. Lubin, of Imperial Chemical Industries, a copy of which was enclosed in Mr. Baxter's personal letter of the 26th January, 1939, dealing with the subject of British economic interests in the Near and Middle East, and German influence and penetration in South-Eastern Europe and the Near East.

2. Mr. Lubin opens with a statement of the reasons for the special interest of Germany in Iran, namely, its strategic position and its oil and mineral wealth, which make Iran a valuable centre for propaganda. Certainly, there should be no question of denying the fact that during the past few years German commercial influence has made enormous advances in Iran, though their efforts may not have been crowned with all the success anticipated. German help in the commercial and technical field has been appreciated, but there is a fear of Germany as a restless and unsatisfied Power which the events of the past year have done nothing to dispel. Several instances have occurred during the past six months which tend to prove that His Imperial Majesty is determined to resist domination by a foreign Power. In August 1938 the concession granted to the German firm of Ferrostahl for the exploitation of the copper mines at Anarek was cancelled, without any tangible reason being given. Later the Government announced that they themselves would work the mines. Also the main instrument of German penetration in Iran, the Irano-German Clearing Agreement, has not worked smoothly. It is true that this agreement, added to long-term credits extended by German exporters, helped to flood the market with large supplies of machinery, rolling-stock, &c., but this process would seem to be coming to an end, or at any rate slowing down. In October 1938, when the question of renewing or revising the clearing agreement arose, His Imperial Majesty, realising, firstly, that the adverse balance in favour of Germany had reached the high figure of approximately 27 million reichsmarks, and, secondly, that he was being pressed by the Germans to reduce the deficit in Germany, refused to accept the renewal of the agreement as it stood. His Imperial Majesty insisted on the amendment of a number of articles, and further decided that the adverse balance was to be liquidated as soon as possible by a cash payment, the reichsmark being calculated, for this transaction, at a figure which has not been revealed, but which is unofficially reported at 30 or 32 reichsmarks

to the pound sterling. It has now been possible to ascertain from an official source that the greater part of this sum has been paid and that by the end of March the balance will have been liquidated. These cash payments will, no doubt, as far as they go, be satisfactory to the German Government. But there is good ground for believing that the Shah has decided that when the old agreement re-enters into operation it will be more in the form of a barter agreement with balances adjusted at regular intervals, so that the period of penetration by credits is drawing to a close. Indeed, one of the prime points on which the Shah is determined is that no one foreign country shall secure a predominant position in Iran, and, in all the circumstances, I am of the opinion that the extent of Germany's hold on this country may easily be exaggerated. She has, after all, little, if any, say in the banking or educational organisations of the country, nor, so far, in any one of the defence services, nor in the oil industry. I would record in this connexion the views of Herr Spies, a German mining engineer, who was employed for several years by the Department of Mines, and who published a most interesting article on mining in Iran in the German paper *Metall und Erz*. The author sums up by saying: "Mining in Iran will never attain international importance, the deposits being too small and the internal difficulties much too great. What is really profitable in Iran is petroleum—and that, as we know, is in British and American hands."

3. The only mining concession held by Germans was that at Anarek, for the exploitation of copper and nickel, which, as reported above, has now been cancelled.

4. The airplane service Berlin-Tehran-Kabul referred to by Mr. Lubin is restricted to one machine weekly. The concession seems precarious. The service is not allowed to compete with the new Iranian service from Tehran to Bagdad. It is not correct to state that the free use of military aerodromes is permitted, nor are airplanes allowed to land at Meshed. Permission to land at Kabul must be applied for on each flight.

5. On the other hand, German interests were far from being limited to the Anarek mines and the Tehran-Kabul air service. They have more particularly turned their attention to industrial enterprises. Ferrostahl are in charge of the installation and are supplying machinery for the blast furnace at Kerej. Again, Germans are installing the gas-mask factory, the Ashraf mill near Shahr, and they have provided so much machinery and so many experts for the flourishing mills in Isfahan that German help is virtually indispensable. Many of these technical experts remain in the country for periods varying from six months to two years. It is almost certain that confidential reports on the internal organisation, output, &c., in these factories are furnished to Dr. Siems, the head of the Nazi party in Tehran. In short, German commercial influence in North and Central Iran is strong.

6. Turning from German achievement to British opportunity, Mr. Lubin says that he has gathered from well-informed Iranian circles that the Shah would probably be prepared to make a number of concessions in favour of British trade, if this legation were raised to the status of an embassy. Hitherto there have only been three embassies in Tehran, the Turkish, Afghan and U.S.S.R. On the occasion of the Crown Prince's marriage to Princess Fowzieh of Egypt, it was recently announced that Egypt and Iran would raise the status of their legations to that of embassies. His Majesty's Government have, I understand, decided that no further embassies are to be created in the British service, and the question is thus perhaps rather an academic one. In my view, we do not really lose by having a legation instead of an embassy here so long as the only embassies are those mentioned above. If the German Legation were raised to an embassy, and the example were followed by other European States, the position of His Majesty's Legation would become rather awkward, and offence might in these circumstances be given. I am, however, convinced at present that, if contracts or concessions are lost to United Kingdom firms, it is in no way due to the fact that there is a legation instead of an embassy in Tehran. Only three weeks ago the Standard Telephone Company secured the contract for the installation and equipment of a broadcasting short-wave station to be erected in Tehran, notwithstanding the fact that the German offer was lower than that of the British company.

7. Secondly, Mr. Lubin states that what Iran needs most is a long-term loan of approximately £5 million to complete her railway programme and

continue her industrialisation plans. Actually, to complete the railway programme which the Shah has in mind, over £30 million would be required. In addition, a further £10 to £15 million would be required for roads, ports and harbour works, and new factories. Possibly the figure of £5 million is based upon an estimate of the imported material and foreign experts required for the railway.

8. When the Trans-Iranian Railway was completed last August, His Imperial Majesty lost no opportunity to state publicly that this gigantic work had been completed without the assistance of foreign capital. He continues to repeat, and his Ministers do likewise, that he will not have recourse to foreign loans and that the country must develop and prosper unaided by foreign capital; in short, that the money must again be found mainly by internal taxation. This is a crucial point, that the Shah remains, however unreasonably and illogically in view of his immense programme, steadfastly opposed to a foreign loan.

9. It is obvious, however, that at present ready cash is not available. Whereas last September it was officially stated that work on the Tehran-Tabriz-Turkey route and Tehran-Meshed would begin almost immediately, negotiations with the Kampsax group came to a standstill in December. Since then two lots on the Tehran-Tabriz railroad have been given to local contractors.

10. Only a few days ago a Scandinavian colleague with whom I discussed the question of railway construction told me that, according to what the officials of the Ministry of Communications had said to him confidentially, the Shah considered that it would be too expensive to repeat the system by which Kampsax had divided the Trans-Iranian Railway into lots and awarded them to a number of foreign firms after tender. The present intention was that the Ministry itself, with the help of Czecho-Slovak engineers recently engaged, should supervise and administer the work, the easier parts of which would be entrusted to local constructional companies, and that the more difficult sections only would be entrusted to big foreign companies. The Czecho-Slovak Chargé d'Affaires has confirmed to me that negotiations are now proceeding for the engagement of further engineers by the Iranian Government. This insistence on Iranian Government control would be consistent with the Shah's policy as regards the mines at Anarek and I believe also the development of Bandar Shahpur port.

11. If only small sections of the new railway are available to foreign contractors, I doubt very much if United Kingdom firms, who have not already had some experience of railway construction in this country, would evince any interest. When Messrs. Sir Lindsay Parkinson's representative was here last November he informed me that, on his return to London, he would strongly recommend to his principals to leave Iran severely alone.

12. It is, however, no doubt most desirable to consider other possibilities, and it is relevant to begin with a reference to the commercial debt of Iran to the United Kingdom, which is nearer £150,000 than Mr. Lubin's estimated figure of £200,000. Negotiations for the liquidation of this debt have been in progress for some months between the Iranian Government and this legation, and there is every hope, at the point which these negotiations have now reached, that payments for the gradual liquidation of this debt will begin before the 1st March next.

13. *Cotton Piece-Goods.*—As Mr. Lubin states, the governor of the National Bank expressed a desire to send a delegate to the United Kingdom to negotiate a credit for approximately £400,000 to enable the Société par actions des Cotonnades to lay in a stock of cotton goods. Following correspondence between the commercial secretary to this legation and the Department of Overseas Trade, M. Farkhou, a representative of the Société des Cotonnades left Tehran for London on the 21st December last. On the 15th February the governor of the National Bank informed the commercial secretary that M. Farkhou had reached a very satisfactory agreement with the Export Credits Guarantee Department, and had telegraphed to Iran for authority to purchase immediately cotton piece-goods for an amount of £125,000. Authority for this purchase had been given, and General Khosrovi added that further substantial orders would follow. It has now been arranged that M. Farkhou will remain in London indefinitely. Thus cotton pieces seem definitely a hopeful field for British exporters.

14. The feasibility, however, of concluding a commercial treaty or payment agreement between Great Britain and Iran seems, in view of the Iranian Government's attachment to balancing her trade with individual countries, to turn largely upon the Iranian products that Great Britain will import. Official statistics

show a marked decline during the past three years, as will be seen by the figures given below:—

Value of Total Exports to the United Kingdom and Ireland.

June 22, 1935-June 21, 1936—

General merchandise	...	...	...	Rls. 81,701,714
				= £941,000
Silver in coin and ingots...	...	...	...	Rls. 51,520,981
				= £600,000
Oil	...	...	...	Rls. 550,034,016
				= £6,384,500
				Rls. 683,256,711.

June 22, 1936-June 21, 1937—

General merchandise	...	...	...	Rls. 60,320,434
				= £750,000
Oil	...	...	...	Rls. 644,328,302
				= £8,000,000
				Rls. 704,648,736.

June 22, 1937-June 21, 1938—

General merchandise	...	...	...	Rls. 41,970,874
				= £521,500
Oil	...	...	...	Rls. 624,593,160
				= £7,759,000
				Rls. 666,564,034.

15. From the above figures, it will be observed that the exports of general merchandise, excluding oil in 1937-38, have dropped to nearly half the exports of 1935-36. The Iranian merchant is only too anxious to export to the United Kingdom, where he can obtain free exchange, but unfortunately the demand for Iranian exports is declining, either because of the apathy of British importers, or because similar goods can be obtained in other countries at competitive prices. The principal imports from Iran consist of almonds, raisins, furs and hides, gums, and carpets. With the exception of raisins, when there was a slight increase in imports in 1936-37, all the other commodities have registered substantial drops, almonds, carpets and furs in particular.

16. With the U.S.S.R. and Germany always ready to buy anything they can in Iran, the latter is not compelled to seek new markets or to carry out a vast campaign to advertise Iranian products. Unfortunately, there are very few British residents in Iran engaged in commerce, and Iranian exporters are possibly very poorly represented in the United Kingdom, so that only a few firms who have done business in Iran for years past and have suitable connexions continue to bother about this market.

17. There would be a very decided political advantage in Great Britain being able to offer Iranian exporters a secure and large market. I agree with Mr. Lubin that, politically, the time is not unfavourable, and I agree also that the arrival of an economic study mission to Iran might serve a very useful purpose, provided that a careful study was made of the requirements of the British market before the departure of the mission. The question of offering a substantial credit for the purchase of British goods, among which I hope that aircraft would be included, would, in my opinion, not suffice. What is likely to interest the Iranian Government almost more would be an assurance that certain local products at present absorbed by Germany and the U.S.S.R. would find a ready market in the United Kingdom. If this could be done, I feel that every effort should be made to encourage such a visit. I propose in a further despatch to send a list of some of the works which are under consideration here, and in which British contractors might be interested.

I have, &c.

H. J. SEYMOUR.

[E 1807/216/34]

No. 10.

Mr. Seymour to Viscount Halifax.—(Received March 10.)

(No. 57.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 3 for the period ending the 11th February, 1939, compiled by the military attaché to this legation.

Tehran, February 18, 1939.

Enclosure in No. 10.

(Secret.)

*Intelligence Summary No. 3 for the Period ending February 11, 1939.*1. *The Shah.*

At the Gulistan Palace on the 8th February (Id-i-Ghadir) His Imperial Majesty the Shah, accompanied by the Crown Prince, received the homage and congratulations of various officials and civil deputations.

2. *The Crown Prince.*

His Royal Highness the Crown Prince visited the Tehran University Medical School on the 9th February, the anniversary of its foundation. The dean of the Faculty of Medicine received His Royal Highness and made a short speech of welcome, in which he pointed out that the modern study of medicine in Tehran had begun over eighty-nine years ago. His Royal Highness, in addressing the students, said: "After the army, the nation requires doctors. Just as the army defends our country, doctors must also defend it against disease. Our two professions must therefore unite and combine to preserve the nation against plagues and dangers, both exterior and interior. I hope you will not just endeavour to obtain a degree of doctor of medicine. Having accomplished that, your hardest task is only just beginning. You must continue your never-ending studies by experiments, personal observation and investigation and the use of modern methods." He concluded by saying: "We will do our utmost to give you all possible assistance in your careers."

After inspecting the various lecture-halls and laboratories, His Royal Highness shook hands with the professors and students before leaving.

It is interesting to note that medical students carry out a six-year course of study, combined with practical work in the Tehran civil hospitals, before obtaining their diplomas. The course of study in pharmacy lasts four years and dental surgery three years.

The present numbers of students are reported to be as under:—

Medical	...	...	...	...	...	456
Pharmacy	...	...	...	...	...	146
Dentistry	...	...	...	...	...	27

3. *British Interests.*

The Government of India have notified the selection of Major C. G. Prior, C.I.E., Indian Political Service, as Political Resident in the Persian Gulf and consul-general at Bushire *vice* Lieutenant-Colonel Sir Trenchard C. W. Fowle, K.C.I.E., C.B.E., who vacates the appointment on the 1st September, 1939.

Major Prior has already served in the Persian Gulf as political agent, Bahrein, 1929-32.

The question of the necessity of a consul-general at Bushire may well be brought up by the Iranian Government when Major Prior's *agrément* is presented. With this is bound up the question of the transfer of the Residency to Bahrein.

4. *Iranian Officials.*

(i) M. Ali Soheili (Military Attaché's Personalities No. 283, Foreign Office Personalities No. 200), late Minister for Foreign Affairs, has been appointed Ustandar (Governor-General) of Kerman to fill an existing vacancy.

(ii) M. Ali Ashgar Hikmat (Military Attaché's Personalities No. 111, Foreign Office Personalities No. 99), late Minister of Education, has been appointed Ustandar (Governor-General) of Azerbaijan to fill an existing vacancy. This is as yet unconfirmed.

(iii) M. Anushirwan Sipahbudi (Military Attaché's Personalities No. 282), Iranian Minister in Paris, who had been recalled after the rupture of Franco-Iranian diplomatic relations, arrived in Tehran during the period under review. He is reported to be under open arrest and is confined to his house.

(iv) M. Ibrahim Alam (Foreign Office Personalities No. 195), Governor-General of Fars since September 1937, has been appointed Minister of Posts and Telegraphs *vice* M. Muhammad Hakimi.

5. *The Anglo-Iranian Oil Company.*

Reference Intelligence Summary No. 24 of 1938, paragraph 11.

(i) The scheme for the construction of the new Anglo-Iranian Oil Company's refinery on a site just north of Mashur in one of the inlets of the Khor Musa (see map 1 to the military report on the Anglo-Iranian Oil Company's (South Iranian) Oilfields Area, 1936) is still under consideration in London. The estimated cost is said to be nearly £30 million. Several stiff engineering problems are involved, such as the construction of firm foundations for the refinery itself on ground which is low lying and liable to flooding, the piping of sweet water from reservoirs over 30 miles away and the deepening of channels for oil tankers to berth alongside.

(ii) Reference Intelligence Summary No. 26 of 1938, paragraph 12. The company's representatives are experiencing considerable difficulty in obtaining the whole of the Iranian coastline in their concession area. It is anticipated that this will have to be modified and other areas selected in lieu.

6. *Broadcasting.*

Reference Intelligence Summary No. 2 (current), paragraph 17. The British company, Messrs. Standard Telephones and Cables, will erect the following equipment at Bisim (Qasr-i-Kajar), on the Tehran-Shimran road, during the next fourteen months:—

- (a) Central equipment.
- (b) One 20-kw. short-wave broadcasting, telephone and telegraph transmitter.
- (c) One 2-kw. idem. This 2-kw. transmitter is also to be used as a second broadcasting transmitter on medium waves, duplicating the equipment ordered from Telefunken in January 1938.
- (d) One 700-h.p. Brush Diesel, capable of supplying the total power required at the transmitting centre.
- (e) Eight-kw. loaded cable to connect transmitting centre to the central office.
- (f) Studio equipment.
- (g) Privacy equipment to permit secret telephone communications with Europe and the United States.
- (h) Two mobile broadcasting transmitters.
- (i) Two portable outside broadcast equipments.
- (j) Recording equipment.

The total value of the above contract is £45,000.

Messrs. Telefunken are to install medium and long-wave 100-watt transmitters complete with antennae power supply, receivers and amplifiers at the following places in Iran:—

Resht.	Ahwaz.
Kermanshah.	Kerman.
Babul.	Gurgan (Asterabad).
Meshed.	Isfahan.
Tabriz.	Sanandaj (Senneh).
Shiraz.	Rezaieh.

The work will be completed by February 1940. The total value of contract is 407,000 reichsmarks.

Messrs. Telefunken have already begun the construction of a medium-wave broadcasting transmitter at Bisim. This was ordered in January 1938 and will be completed by September of this year.

7. *Wireless Telegraphy and Telephones.*

Powerful short-wave telegraph and telephone equipment is being erected at Bisim. It is expected that this will be handed over after tests early in 1940 by Messrs. Telefunken.

8. *Wireless News.*

The police have recently forbidden proprietors of hotels, restaurants and cafés in Tehran and the provinces to permit the broadcast news of foreign countries to be heard on their premises.

9. *Internal Propaganda.*

Reference Intelligence Summary No. 1 (current), paragraph 6. Since the passing of the law providing for the establishment of an office for the enlightenment of public opinion, a series of articles have appeared in the press emphasising the importance of the above measure. Various official meetings have been held and further sub-committees appointed. The professors of the Tehran University have also been detailed to give lectures on subjects in connexion with this propaganda. This law is clearly inspired by the German model, but it is doubtful whether it will have any real effect. The Iranian public as it is have no opportunity of expressing their feelings on matters of national concern.

10. *German Interests.*

His Excellency Dr. Hans Smend, the German Minister, has returned to Tehran after a prolonged leave in Germany.

11. *Polish Interests.*

His Excellency M. Jan Karszo-Siedlewsky has been appointed Minister for Poland in Iran. He is also accredited to Iraq and Afghanistan.

12. *French Interests.*

(i) In spite of the fact that diplomatic relations between France and Iran are still broken off, the new French military attaché, Chef de Bataillon Alessandri, arrived in Tehran on the 1st February. Whilst *en route* he received orders to halt at Bucharest pending further instructions. After ten days' delay he was instructed by the French Ministry of War to continue his journey to Tehran. He was surprised to find that his predecessor, Commandant Leleu, had been recalled to France.

(ii) M. Mathis, chief representative of Messrs. Schneiders, has been imprisoned. The late French military attaché before his departure handed over to M. Mathis a quantity of wines, which the latter removed openly to his residence. Shortly afterwards he was arrested by the police and the liquor seized. M. Mathis maintains he was only keeping the wines for the new French military attaché to whom they were to be handed over, and produced documentary evidence to this effect from Commandant Leleu. During a police search of M. Mathis' residence firearms were found for which no permits had been granted or sought.

The French Legation have intervened on M. Mathis' behalf, but little can be done in the present difficult circumstances. At present no one is allowed to visit him in prison. The police authorities are said to be demanding a fantastic sum in francs for his release.

(iii) The Iranian Legation in Paris has been closed. Iranian interests are, for the time being, looked after by the Egyptian Legation there.

13. *U.S.S.R. Interests.*

(i) His Excellency M. Alexei Tchernikh, the Soviet Ambassador, is reported to have died a natural death in Russia whilst he was on leave.

(ii) Reference Intelligence Summary No. 2 (current), paragraph 18. It is confirmed that, at the request of the Soviet Government, an Iranian Trade Delegation has proceeded to Moscow on the 5th January. The delegation is composed of the following:—

M. Sadiq Vassighi, Acting Minister of Commerce.

M. Allah Yar Saleh, Under-Secretary of Finance.

M. Delpak, Director of the 2nd Political Bureau in the Ministry for Foreign Affairs.

14. *The Marriage Ceremonies.*

(i) Hon. Major-General the Earl of Athlone, K.G., P.C., G.C.B., G.C.M.G., G.C.V.O., D.S.O., D.C.L., L.L.D., A.D.C. to the King, will represent His Majesty King George VI at the ceremonies in celebration of the wedding of His Imperial Highness the Crown Prince. He will be accompanied by Her Royal Highness Princess Alice, Countess of Athlone, G.B.E.

(ii) Reference Intelligence Summary No. 2 (current), paragraph 2 (ii). Arrangements are now in hand for the accommodation, feeding and entertainment of the British naval detachment. The Protocol Department of the Ministry for Foreign Affairs desire that the detachment be the guests of the Imperial Government at the Officers' Club in Tehran. This honour may, however, have to be declined for good and sufficient reason.

One of the Royal special trains has been offered and accepted for the conveyance of the detachment from Bandar Shahpur to Tehran on or about the 20th April.

(iii) It is reliably reported that the Italian Government are detailing two destroyers as naval escort from 18° latitude to the Straits of the Bab-el-Mandeb.

(iv) The merchants and shop-owners of Tehran are being compelled to subscribe arbitrarily assessed sums of money for the various expenses in connexion with the Crown Prince's wedding. In the provinces they are subscribing in the same manner towards wedding gifts, &c. This is in accordance with Iranian custom.

15. *The Iranian Air Force.*

(i) Reference Intelligence Summary No. 1 (current), paragraph 5. Twenty-five of the new "Hind" machines have been flown to Tehran from Ahwaz. The remaining ten are expected shortly.

The fastest formation cross-country flights from Ahwaz to Tehran was accomplished in just over two hours.

(ii) Considerable practice in formation flying has taken place recently in preparation for the "fly past" at the Annual Review which takes place on the 22nd February. Over forty machines have been seen in the air at one time.

(iii) Unconfirmed rumours state that the Iranian Government are about to issue instructions to their purchasing commission at Berne to negotiate the purchase of a number of Blenheim (twin-engine) bombers.

(iv) The pilot strength of the Iranian Air Force on the 1st February is reported to be as follows:—

Trained: 200 officers and sergeants.

Under training: 100 officers and sergeants.

(v) Reference Intelligence Summary No. 16 of 1938, paragraph 5 (ii). The second batch of five "Tiger-Moth" machines, the airframes for which have been constructed at the aircraft factory, are nearing completion.

(vi) Reference Intelligence Summary No. 27 of 1938, paragraph 5 (ii). Production of the airframes for twenty "Hind" aircraft was commenced at the aircraft factory about a fortnight ago.

16. *Communications.*

Railways.—Work has commenced on Lot 2 on the Tehran-Tabriz line. This is 48 kilom. in length and runs from Kerej (Degree Sheet No. 9 I—Square D 1) to Abiak (Degree Sheet No. 8 L—Square C 4). Two stations, one at Kurdan the other at Yangi Jmam (Degree Sheet No. 9 I—Square C 1), and 190 small bridges are to be constructed. Work is to be completed by February 1940. The contractors are an Iranian firm assisted by Czecho-Slovakian engineers.

17. The Iranian Army.

(i) It is reliably reported that the Ecole militaire of Tehran is to be enlarged. All pupils of the 5th and 6th classes now attending military schools in the provinces will be drafted to the Tehran military school to complete their studies. The number of pupils now attending the school is just over 700.

(ii) Reference Intelligence Summary No. 2 (current), paragraph 4 (iv). It is confirmed that an order has been placed with the Fabrique nationale belge for fifty motor cycles and side-cars. These combinations are of the same pattern as those used with much success in the 1938 manoeuvres of the Belgian army.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, February 11, 1939.

[E 2087/216/34]

No. 11.

Mr. Seymour to Viscount Halifax.—(Received March 20.)

(No. 67. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 4 for the period ending the 25th February, 1939, compiled by the military attaché to this legation.

Tehran, March 3, 1939.

Enclosure in No. 11.

(Secret.)

Intelligence Summary No. 4 for the Period ending February 25, 1939.

1. The Shah.

(i) ON the evening of the 21st February His Imperial Majesty the Shah gave a banquet at the new and well-equipped officers' club of Tehran to some 2,000 senior officers of the Imperial Iranian army, navy and air force. The majority of the officers present were of the Tehran garrison. The Turkish Military Attaché was the only foreign attaché to be invited.

After the banquet, His Imperial Majesty made a short speech, which was relayed by loud speakers to the different dining-rooms. The Shah said he was proud of the progress achieved by his army and fully relied on their fidelity and zeal in the future. He concluded by proposing the toast of the "Imperial Forces." The Acting Chief of the General Staff, Sarlashgar (Major-General) Azizullah Zarghami (Military Attaché's Personalities No. 308—Foreign Office Personalities No. 215), replied for "The Armed Forces." Afterwards there was a firework display in the grounds of the club.

(ii) On the afternoon of the 22nd February His Imperial Majesty, accompanied by the Crown Prince, reviewed the Tehran garrison and youth organisations at the Jalalieh race-course in commemoration of the eighteenth anniversary of the *coup d'Etat*. (A separate report has been submitted.)

(iii) It is reliably stated that the Shah proposes carrying out a prolonged tour of inspection in Khuzistan and the south in the near future.

(iv) Junior members of the Royal family have lately been taking an increasing share in public duties. Their Royal Highnesses Princess Shahdukht Pahlavi (Shams-ul-Mulk) and Prince Shahpur Hamid Reza (Military Attaché's Personalities No. 206) have attended the distribution of prizes at the local schools, including the Zoroastrian School.

2. The Crown Prince.

His Royal Highness the Crown Prince, accompanied by the suite referred to in Intelligence Summary No. 27 of 1938, paragraph 2, left Tehran at 08.00 hours on Friday, the 24th February, for Egypt via Bagdad and Syria.

Members of the Cabinet and other Court officials were present at the Marble Palace and accompanied His Royal Highness to Kerej, 21 miles from the city. Students and over 600 boy scouts lined the avenues leading out of the city.

3. The Marriage Ceremonies.

(i) Reference Intelligence Summary No. 3 (current), paragraph 14 (ii). The strength of the naval detachment detailed for the wedding celebrations in Tehran is as follows:—

The Commander-in-chief, East Indies Squadron.	
Officers (personal staff)	2
Officers	3
Chief petty officers	1
Ratings	58
Bandmaster	1
Others (bandmen)	19

(ii) The Royal yacht on which their Royal Highnesses the Crown Prince and Princess of Iran will return to Iran is the steamship *Mohamed Ali El Kebir*, of the Pharaonic Line.

(iii) The Imperial Iranian Government, acting on instructions from His Imperial Majesty the Shah, have insisted on all foreign detachments being their guests. The British detachment will therefore be accommodated as under:—

The commander-in-chief and officers in the officers' club.
Naval ratings in the military college.

4. Travellers: British Officers.

Lieutenant P. Parry-Evans, 3rd Battalion (Rattray's Sikhs) 11th Regiment, arrived in Tehran from Bagdad on the 11th February and left for India via Meshed and Zahidan on the 16th February. He was delayed in Tehran owing to sickness.

5. Iranian Officials.

His Excellency Ali Ashgar Hikmat (Military Attaché's Personalities No. 111—Foreign Office Personalities No. 99), late Minister of Education, has been appointed Minister of Interior, and not as stated in Intelligence Summary No. 3 (current), paragraph 9 (ii).

6. Language Officers: R.A.F.

Squadron-Leader V. Harris, Royal Air Force, arrived in Tehran on the 8th February on four months' language study. On obtaining his visa to enter Iran, he was informed that the Imperial Iranian Government insisted on his residing in the capital for his study, and not in the provinces.

Increasing difficulties are being made for language students to study in the provinces. Lieutenant P. G. B. McNalty, 2nd Royal Lancers, who has been in the country since October 1938, has not yet obtained his *permis de séjour*. He has been ordered by the local police authorities at Shiraz to proceed to Tehran to obtain this. The matter is, however, under discussion with the competent authorities.

7. Obituary.

M. Ksawery Zalewsky, the Polish Chargé d'Affaires, died in Tehran on the morning of the 17th February. A memorial service was held on the 20th February prior to cremation.

8. Polish Interests.

Reference Intelligence Summary No. 3 (current), paragraph 11. His Imperial Majesty the Shah received in audience at the Gulistan Palace his Excellency M. Jan Karszo-Siedlewsky, the new minister for Poland, who presented his letters of credence.

9. French Interests.

On the 21st February, following an exchange of telegrams between the French President, M. Albert Lebrun, and His Imperial Majesty the Shah, diplomatic relations between the two countries were once again restored. The precedent established in the settlement of this affair is considered most unfortunate. A translation of the Shah telegram which appeared in the press is given below:—

"The receipt of your Excellency's friendly telegram has given us an opportunity of expressing once again our lively satisfaction and sincere personal regard for your Excellency, whom we have always recognised as a true friend of Iran and of ourselves.

"We hasten to assure your Excellency that we feel no resentment towards yourself. We wish at the same time to take this opportunity of explaining the reasons which compelled us against our will to take our recent decision.

"Our action was not solely inspired by the publication of certain offensive articles in the press. For several years past we have had the impression that the French public were not fully aware of the changes which have taken place in our country and have made no effort to understand the new Iran.

"These sentiments, which the French press have echoed, compelled us to break off relations between our two countries and to postpone their re-establishment until France should show that she is ready to appreciate our country in its true light.

"However, in view of the respect which we feel for your Excellency, we are willing to let the past be forgotten and to re-establish diplomatic relations.

"We expect your Excellency, whose good intentions are evident, to devote particular attention to the establishment of these relations on a sound basis of confidence and mutual understanding, in order that we may be spared the repetition of such regrettable incidents in the future."

(ii) It is rumoured that for some time past His Royal Highness the Crown Prince has been pressing his august father to arrange matters prior to his (the Crown Prince) journey to Egypt via Syria.

(iii) His Excellency M. Bodard, the French Minister is still seriously ill and confined to his bed.

10. U.S.S.R. Interests.

(i) A Soviet agricultural mission of three experts has arrived in Iran to study the question of the movement and destruction of locusts.

(ii) It is reliably reported that a Soviet aeroplane, carrying three or four officers, escaped from U.S.S.R. territory on or about the 12th February and landed at Khananrud (presumably meant for Khanrud—degree sheet No. 8 B, square D 3) a village near Heriz in Azerbaijan. The occupants surrendered themselves to the Iranian authorities and are now in custody at Tabriz.

11. Italian Interests.

The Italian naval attaché states that his Government have asked the Iranian Government for permission to nominate a military attaché to the Italian Legation in Tehran. This officer will hold the rank of colonel and will also be accredited to Angora.

12. The Iranian Army.

(i) Troops of the 1st and 2nd Infantry Divisions and Independent Mechanised Brigade took part in the annual review at the Jalalieh race-course on the 22nd February.

(ii) 7,000 conscripts due for discharge in January were retained with the colours to take part in the review.

(iii) A reliable report states that officers are to have a full dress uniform. The coat will be khaki with gold shoulder straps and rank insignia in gold braid on the sleeves. High collar with tabs showing arm of the service. Trousers (slacks) will be of plain khaki of the same material as the coat.

(iv) His Majesty's Consul at Ahwaz reports having heard Sarlashgar (Major-General) Muini inform a senior Iranian civil official that the Shah had approved in principle the 6th Khuzistan Division being increased to four mixed brigades and the troops at Khorramabad were to be brought up to brigade strength immediately. The remaining three brigades were to be centred in Ahwaz (less detachments).

The general went on to say that this policy could not be carried out until suitable barrack accommodation had been provided and this would take several years.

(v) It is reported, but as yet unconfirmed, that the Iranian Government are interested in the purchase of a number of "Hurricane" fighter aircraft.

(vi) It is reported from Czecho-Slovakian sources that the Iranian Government have placed an order for an unknown number of tanks and machine guns.

13. The Imperial Bank of Iran.

Reference Intelligence Summary No. 27 of 1938, paragraph 6 and Intelligence Summary No. 2 (current), paragraph 14. The board of directors of the Imperial Bank of Iran have ordered the bank's branches at Zahidan and Yezd to be closed forthwith. The closing of the branch at Bushire has been suspended for the time being. The closing down of the Yezd branch is regretted as with the opening up of the Anarak mining area, and the possible extension of the Trans-Iranian Railway to Yezd and Kerman, and possibly to India trade would increase in these centres.

A number of the London staff of the bank have been axed, and it is probable that several of the older and pensionable European members of the bank in Iran may go earlier than anticipated.

Negotiations with the Exchange Commission and the Ministry of Finance are now reported to be more hopeful.

14. The Anglo-Iranian Oil Company.

Reference Intelligence Summary No. 3 (current), paragraph 6.

(i) It is reliably reported that the company have commenced negotiations for the acquisition of 20 square miles of land in the vicinity of Bandar Mashur village (degree sheet No. 10 F, square A 2) of approximately 2,000 inhabitants, but excluding the village itself.

(ii) The company's geologists and surveyors are now testing for oil by the "shot" system in the vicinity of Bandar Abbas and Qishm Island. The tests are reported to be very promising, but it will be necessary to sink shafts within the next few months to ascertain the centre of the oil field.

15. The Trans-Iranian Railway.

The following locomotives have been ordered from Germany for the Trans-Iranian Railway:—

Hamschel and Shon of Cassel	...	...	...	32
Krupp of Essen	...	...	...	24
Tesslingen	...	...	...	9

16. Deutsche Lufthansa.

It has been ascertained that the crews of the Deutsche Lufthansa Air Line are changed for each journey, none of the pilots or crew carry out the journey more than twice, further they are all members of the German military air force. The crew consists of:—

Pilot.
Relief pilot.
Wireless operator.
Engineer.

17. Refugees.

Iranian deportees from the U.S.S.R. continue to arrive in small numbers. A consular report from Bandar Abbas states that approximately forty-five deportees have been placed on Qishm Island. This confirms the report contained in Intelligence Summary No. 27 of 1938, paragraph 10.

18. *Iranian Baluchistan.*

A press report states that the name of the Yarmohdzais of Mekran has been changed to "Shahnawaz."

19. *Public Economy.*

A serious attempt is now being made to reduce the very high cost of living in Iran, especially in the capital. The prices of bread and different meats have been compulsory reduced, and energetic action is being taken to ensure the proper working of the law for reduction of houses and shop rents referred to in Intelligence Summary No. 1 (current), paragraph 6.

H. J. UNDERWOOD,
Lieutenant-Colonel.

Tehran, February 25, 1939.

[E 2589/216/34]

No. 12.

Mr. Seymour to Viscount Halifax.—(Received April 11.)

(No. 77.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 5 for the period ending the 11th March, 1939, prepared by the military attaché to this legation.

Tehran, March 16, 1939.

Enclosure in No. 12.

(Secret.)

Intelligence Summary No. 5 for the Period ending March 11, 1939.

1. *The Shah.*

(i) On Monday, the 6th March, His Imperial Majesty the Shah left by Royal train for Khuzistan where he is making a prolonged tour of inspection of public works.

(ii) A statue of His Majesty is being erected in the centre of the Maidan-i-Sipah (formerly Maidan-i-Topkhaneh). This is due to be unveiled on the 24th Esfand (15th March, 1939), the birthday of the Shah. The pedestal for the statue is of Khorassan granite, and twenty jets of water 7 metres high will play into two large basins on either side.

This is the third statue of His Imperial Majesty the Shah to be erected in Tehran.

2. *The Crown Prince.*

His Imperial Highness arrived in Cairo on the 4th March. The Iranian press publish long columns of his doings in Egypt from their special correspondents. These messages contain nothing of human interest, but only give brief statements as in a court circular. All end up with the usual terms of respect and praise of their illustrious Crown Prince. A daily broadcast in Persian is given from Cairo which is couched in similar terms.

3. *The Iranian Budget.*

The Minister of Finance, His Excellency Mahmud Bader (Military Attaché's Personalities, No. 51—Foreign Office Personalities, No. 41), introduced the budget for the Iranian year 1318 (the 21st March, 1939–20th March, 1940) in the Majlis on the 26th February, 1939. During the course of a long explanatory speech, the Finance Minister stated that in accordance with previous legislation the revenue derived from the tea and sugar monopoly and the revenue from the road tax was used to finance roads and railways (construction and maintenance) and was kept as a special and separate account.

During recent years, however, owing to the rapid extension of road and railway construction, this revenue did not cover the expenditure, and further substantial sums had had to be contributed annually from the State budget. The Government had therefore decided that the receipts from the tea and sugar monopoly and the road tax would in future be included in the general receipts of the country and road and railway expenditure met from this source.

It was the intention of the Imperial Government to press on this year with the construction of the following railway lines:—

(a) *Semnan-Shahrud-Meshed.*

Million sheet No. 16, square B 1.
Million sheet No. 15, square D 4.
Million sheet No. 22, square D 4.

(b) *Kazvin-Zinjan-Tabriz.*

Million sheet No. 8, square C 4.
Million sheet No. 8, square A 4.
Million sheet No. 1, square C 2.

(c) *Qum-Kashan-Yezd.*

Million sheet No. 9, square C 2.
Million sheet No. 9, square D 3.
Million sheet No. 17, square C 1.

M. Bader added that the tea, sugar and road taxes would remain in force until such time as these essential railroads were completed, when they would be abolished.

The 1318 budget is briefly as under:—

Total expenditure	...	...	...	...	2,613,481,987 rials.
					£32,668,524
Total receipts	...	...	...	...	1,930,096,700 rials.
					£24,126,208
Excess of expenditure over receipts	...	...	...	...	683,385,287 rials.
					£8,542,316

It is interesting to note that this is the first occasion that a budget has been presented with an anticipated deficit. The Finance Minister explained that this deficit was due to extraordinary expenses in connexion with railway construction and other large schemes such as the construction of blast furnaces, a spinning mill in Tehran, a heavy repair workshop and a factory for the manufacture of electric batteries, &c.

The Finance Minister explained that after adjusting a large part of the deficit from trade profits, grants from State Reserve Funds and long-time credits, the actual possible deficit on the 1318 budget would be 383,385,285 rials (£4,792,316), which would be covered by unforeseen trade profits and/or by loans to be raised from internal banks.

The Majlis, after a brief discussion on minor points, unanimously passed the budget.

A comparison of items of military expenditure for the year 1317 and 1318 are as follows:—

	Year 1317.	Year 1318.
Minister of War	323,729,980 rials	363,729,980 rials
	£4,046,624	£4,546,624
Gendarmerie	30,678,400 rials	35,678,400 rials
	£383,480	£445,980
Conscription	1,150,500 rials	500,000 rials
	£14,381	£6,250
Forage account	16,046,944 rials	16,000,000 rials
	£200,586	
Corn account	17,246,132 rials	
	£215,576	£200,000
Pahlavi dockyard	3,220,000 rials	
	£40,250	

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The total military expenditure, therefore, amounts to 415,908,380 rials (£5,193,854), showing an increase over last year's provision of 23,836,424 rials (£297,955) and representing 15.9 per cent. of the total budgeted expenditure.

The usual extra £2 million has been voted for army requirements from the State reserve funds to which all oil royalties pass.

4. The Iranian Air Force.

(i) It is reliably reported that the Iranian air force authorities have ordered all aircraft in Tehran to be specially overhauled in preparation for the fly past on the 25th April.

(ii) Reference Intelligence Summary No. 3 (current), paragraph 15 (v). The second batch of five "Tiger-Moth" machines have been delivered. The second batch of five "Audax" will be completed within six weeks. Two of the machines have already passed their tests.

(iii) Good progress is being made with the manufacture of parts for the twenty "Hind" aircraft which are to be constructed at the aircraft factory, but assemblage is being held up owing to a shortage of raw materials.

(iv) It is reliably reported that "Hurricane" fighters will be produced next year after or simultaneously with the "Hind" machines.

(v) An unconfirmed report states that His Imperial Majesty the Shah desires a new aircraft factory to be constructed for the production of "Blenheim" bombers. The factory will not, it is understood, be in the vicinity of the present factory at Doshantappeh.

(vi) The Iranian air force high command are reported to be taking a great interest in A.R.P.

5. Iranian Officials.

(i) It is reliably reported that once again all Government officials of grade III and upwards have been circularised as to their dealings and social intercourse with foreigners, both official and unofficial.

(ii) M. Kazim Samiyi (Military Attaché's Personalities, No. 255—Foreign Office Personalities, No. 182) has been appointed Director-General of the Department of Agriculture.

6. French Interests.

Reference Intelligence Summary No. 3 (current), paragraph 12. M. Mathis, chief representative of Schneiders, Creuzot, & Co., in Iran, who was arrested on or about the 16th January, is still in prison. It is reported that no definite charges have been made against him nor has he appeared before a court of justice. Officials of the French Legation, in spite of the renewal of diplomatic relations, are not allowed to either visit or communicate with M. Mathis.

7. Italian Interests.

The Italian naval attaché states that His Royal Highness Vice-Admiral Prince Aimone, Duke of Spoleto, accompanied by a flag captain of the Royal Italian navy and a colonel of the Italian air force, will attend the wedding celebrations on behalf of Italy.

8. Rubber Cultivation.

Reference Intelligence Summary No. 2 (current), paragraph 9. The Ministry of Agriculture has sent a representative to India to obtain a quantity of shoots of the rubber tree. These are to be planted in the southern part of Iran (Charbar, & Co.) where the soil and climate is considered suitable for their cultivation.

9. The Wedding Celebrations.

(i) The municipality is working overtime repairing pavements, white-washing walls, &c., in preparation for the wedding. Triumphal arches are being erected in most of the main thoroughfares, some of these being actually made of brick and steel. The Banque Mellie (National Bank) is said to be spending a sum of 500,000 rials (£6,250) on their arches and decorations.

(ii) All beggars are being rounded up by the police authorities and conveyed to other towns in the provinces.

(iii) All school-children of both sexes have been ordered to have a new suit of school uniform made by the 20th Farvardin (10th April, 1939).

10. Blast Furnace.

A start will be made shortly on the construction of a large blast furnace at Kerej (million sheet No. 9, square D 1). The contract, amounting to 28 million reichsmarks, has been awarded to Demag of Germany. Krupps are also interested. The first deliveries of machinery are expected in May. Thirty to forty German expert engineers are said to be coming to instal the machinery.

The output of iron and steel is expected to be about 300 tons daily.

11. Winter Sports.

This year, owing to the heavy snow, ski-ing has greatly increased in popularity amongst both Iranians and foreigners. Younger members of the Royal Family have been seen on the practice slopes above Tehran, near Lashkarak (million sheet No. 9, square D 1).

Both Germans and Iranians have organised ski-ing contests.

12. Climate.

Unusually heavy snowfalls have occurred recently with hard frosts over the country. Twelve to twenty degrees of frost have been registered in some localities. Snow to the depth of 2 feet fell in Bandar Pahlavi and Resht, which is most unusual.

13. Railways.

The following corrections and changes in names of railway stations on the Tabriz-Julfa line and Tabriz-Sharif Khaneh branch line:—

Tabriz-Julfa Line.

Kilometrage.	Station.	Reference Degree Sheet
	Tabriz	Sheet No. 1 J, square B 4
31/34	Sufian	Sheet No. 1 F, square D 3
46/12	Siavan, now known as Sagban ...	Sheet No. 1 F, square D 3
54/45	Yam, now known as Peam ...	Sheet No. 1 F, square D 3
61/49	Kulli, now known as Kandlej ...	Sheet No. 1 F, square C 3
75/43	Marand	Sheet No. 1 F, square D 3
99/31	Aliaki, now known as Harzan ...	Sheet No. 1 F, square C 2
113/90	Daradiz (Qarahgoz), now known as Zal	Sheet No. 1 F, square C 1
130/25	Gerger	Sheet No. 1 F, square C 1
145/50	Julfa	Sheet No. 1 F, square C 1

Tabriz-Sharif Khaneh Branch Line.

	Tabriz	Sheet No. 1 J, square B 4
31/34	Sufian	Sheet No. 1 F, square D 3
59/14	Dizeh Khalil, now known as Dizeh	Sheet No. 1 F, square C 4
63/93	Sharif Khaneh	Sheet No. 1 F, square B 4

Lake Ports (Shahi Island).

Akhgumbat, now known as Bandar Safed Gunbad ...	Sheet No. 1 G, square B 1
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I have, &c.

H. J. UNDERWOOD, Lieutenant-Colonel,
Military Attaché.

Tehran, March 11, 1939.

[E 2591/211/34]

No. 13.

Mr. Seymour to Viscount Halifax.—(Received April 11.)

(No. 80 E.)

My Lord,

Tehran, March 16, 1939.

WITH reference to Mr. Butler's despatch No. 93 E. of the 9th March, 1938, I have the honour to transmit to your Lordship herewith extracts^(*) from the *Journal de Tehran* giving details and estimates of the budget for the Iranian year 1318 (the 22nd March, 1939, to the 21st March, 1940), which was approved by the Majlis on the 5th March.

2. For the first time since 1928-29 a deficit is revealed, which is larger than the total expenditure in 1928-29. Estimates of expenditure in the coming year, apart from credits from State reserves in sterling, amount of 2,613,481,987 rials (£32,668,525 at the official rate of 80 rials to the £), and revenue is estimated at 1,930,096,700 rials (£24,126,210), leaving a deficit of 683,385,287 rials (£8,542,316).

3. On the revenue side it will be noted that receipts from the sugar and tea monopoly tax, as well as the road tax, are now included in the ordinary budget, increasing the revenue from customs and from monopolies.

4. Comparative lists of the chief sources of revenue and of the chief headings of expenditure herewith transmitted show the increases over the figures of the previous budget. Attention may be drawn to the estimated increase in indirect taxation, though direct taxation remains at the same figure. Estimated revenue from industries is increased by 20 million rials from the tar and sleeper factory, 10 million rials from "Factory No. 5," which is thought to be the gas mask factory, and 10 million rials from the glycerine and soap factory.

5. On the expenditure side, the outstanding increase is for roads and communications, the new estimates amounting to 853,550,000 rials (£10,669,376), or about 33 per cent. of the total expenditure. A sum of 150 million rials (£1,875,000) for the Administration of Mines and for iron and brass foundries brings the estimates for the Ministry of Industry and Mines to 455,430,000 rials (£5,693,000), or about 17 per cent. of the total. Sixty million rials have been added to the estimates for the Ministry of War, bringing the total up to 415,408,380 rials (£5,192,600), representing about 16 per cent. of the total expenditure: to this may be added the credit out of reserves of £2 million.

6. To meet the declared deficit it is stated that 140 million rials will be available from the sale of the cotton mill at Behshahr (late Ashraf), which, it is understood, has been purchased by the Shah, payment to be made by instalments. A further sum of 160 million rials "en devises étrangères" is to help to diminish the deficit: it would appear that half of this sum (or £1 million) is to come out of reserves—out of which £2 million has already been earmarked for the Ministry of War and £1 million for the railway and ports. The other half is to be raised by long-term credits. The rest of the deficit is to be covered by unforeseen receipts, revenue from commercial enterprises of the State and by borrowings from banks in the country. I have heard of the possibility of an increase in income tax on large profits, that is to say, that the present rate of 4 per cent. on such profits may be raised considerably.

7. A copy of the Bill for the supplementary law to the budget, published on the 9th March, is also furnished herewith.^(*)

8. A copy of this despatch is being sent to the Secretary to the Government of India in the External Affairs Department and to the Department of Overseas Trade.

I have, &c.

H. J. SEYMOUR.

(*) Not printed.

Enclosure in No. 13.

Comparison of Iranian Budgets for 1317 and 1318.

Chief Sources of Ordinary Revenue.

	1938-39. Rials.	1939-40. Rials.
Direct taxes	157,000,000	157,000,000
Indirect taxes	185,800,000	204,700,000
Customs duties	421,000,000	501,500,000 ^(*)
Monopolies	352,000,000	530,000,000 ^(*)
Concessions	11,920,000	12,190,000
Receipts from Government shares	121,800,000	126,400,000
Public domains ^(*)	33,000,000	32,000,000
Receipts from industry	119,514,100	169,830,000
Posts and telegraphs	28,190,000	53,690,000
Foreseen and non-foreseen receipts	25,000,000	51,000,000
Miscellaneous	73,668,548	91,786,700
	1,528,892,648	1,930,096,700

Chief Headings of Ordinary Expenditure.

	1938-39. Rials.	1939-40. Rials.
Ministry of War, including road guards ...	354,408,380	415,408,380
Ministry of Interior, including Public Health	100,593,976	159,701,664
Ministry of Justice	42,470,000	56,146,000
Ministry for Foreign Affairs	28,931,808	27,400,000
Ministry of Posts, Telegraphs and Telephones	42,956,110	58,000,000
Ministry of Education	81,458,250	84,000,000
Ministry of Finance	69,818,298	70,318,378
Ministry of Industry and Mines	329,381,595	455,430,000
Ministry of Roads and Communications ...	146,614,585	853,550,000
Department of Agriculture	47,574,140	45,156,000
Grain silos (engagements of previous years)	60,000,000	58,000,000
Purchase of an ocean-going boat	...	10,000,000
Capital of the Tobacco Export Company ...	...	43,834,000
Engagements in connexion with cigarette factory	22,630,200	10,520,000
Purchase and construction of administrations	17,000,000	20,000,000
Service of foreign debt	6,875,000	6,875,000
Telegraph and postal correspondence of administrations (previously gratis) ...	...	25,000,000
Credits in previous year due	15,000,000	27,000,000
Engagements for rice husking plant	5,000,000	9,653,400
Increase in capital of Agriculture Bank ...	1,500,000	5,568,963
Difference between legal valuation and actual cost of gold purchased by the Banque Mellié Iran as reserve for fiduciary issue	...	17,761,889
Miscellaneous	154,806,222	154,158,313
	1,527,018,564	2,613,481,987

^(*) Includes Road Tax (80 million rials), which is now to be included in the ordinary budget.

^(*) Includes 160 million rials from Sugar and Tea Monopoly Tax.

^(*) Includes receipts from mines and fisheries.

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[E 2584/25/34]

No. 14.

Mr. Seymour to Viscount Halifax.—(Received April 11.)

(No. 81.)

My Lord,

Tehran, March 17, 1939.

THE news of the German move into Czecho-Slovakia reached Tehran on the Shah's birthday, and I was consequently able to have a few words on the subject during the usual evening reception with the Minister for Foreign Affairs and other members of the Iranian Government. There can be no doubt that the latest developments in Central Europe came as a most unpleasant shock to Ministers here.

2. Little as Iranians care what happens in Europe, the disappearance of an independent Czecho-Slovakia will, I believe, be found to affect their interests very considerably. The Shah regarded Czecho-Slovakia as a small country with no political interests in the East, and this has enabled Czecho-Slovakian interests, and especially Skodas, to build up an important position here. It is true that in the last trade figures available, those for 1937-38, imports into Iran from Czecho-Slovakia appear at only some £200,000 against imports from Germany of over £3 million. But these figures give by no means a true picture: the Iranian army has been, with unimportant exceptions, armed from the Skoda works, from whom rifles, tanks and artillery have been purchased. It is understood also that a contract had recently been signed for the erection by Skodas of a machine-gun factory. Nor is this all; the local branch of Skodas had done much work in the interior of the country, including such contracts as the Tehran electric supply and a number of the most important new buildings in Tehran.

3. Czech engineers were also employed on railway construction, and negotiations had recently been in progress for the engagement of further engineers for the construction of the new lines.

4. The submergence of Czecho-Slovakia in the Reich will thus confront the Iranian Government with an awkward situation. It is generally believed here that they do not want their new railway construction to be in German hands, and they have hitherto avoided becoming dependent on Germany for military supplies. So far as railway construction is concerned, engineers can no doubt be obtained elsewhere, but the army is already so largely supplied with Skoda products that a change to some other source of supply hardly seems possible, at any rate without great inconvenience and loss of efficiency.

5. It is, of course, too early to make any forecast of the way in which the Iranian Government is likely to try to solve these questions, and, indeed, whether they will try to solve them at all. But it may no doubt be confidently expected that the Germans will make every effort to turn to their own advantage the goodwill which has been established by Czech interests.

I have, &c.

H. J. SEYMOUR.

[C 5092/3356/18]

No. 15.

Mr. Seymour to Viscount Halifax.—(Received April 12.)

(No. 87.)

My Lord,

Tehran, March 28, 1939.

THE Iranian President of the Council told me on the 22nd March, when I went to congratulate him on the New Year, that the German Legation in Tehran had notified the Iranian Government of the abolition of the Czecho-Slovak Legation here, and that former Czech interests would be taken over by the German Legation. M. Jam said that the Iranian Government had so far returned no answer. To-day I asked the Minister for Foreign Affairs what the position was, and he said that on the 25th March he had received a note from the Czecho-Slovak Chargé d'Affaires, written on the instructions of the Czecho-Slovak Ministry for Foreign Affairs "in liquidation," confirming the note already received from the German Minister. In view of this announcement by the two parties concerned the Iranian Government felt that they had no choice but to accept the new situation, the more so as they had such important commercial

relations with Czecho-Slovakia and could not be left without a means of communication with that area. His Excellency referred rather gloomily to the dependence of the Iranian army on Skoda products (see my despatch No. 81 of the 17th March), but seemed to think that business in armaments, as in other Czecho-Slovak products, would continue as before.

2. M. A'lam then referred to the new agreement between Germany and Roumania, and said that, according to the reports he had received from the Iranian Minister in Bucharest, the German Government seemed to be securing as strong a position in Roumania as they could have obtained by a successful war. The minister's reports had, I understood, included statements that Germany was to be accorded the right to construct a motor road through Roumania and was also to be given some sort of control over the Roumanian army. I observed that the Roumanian Government had, according to wireless reports, denied that the new agreement was of so far-reaching a character as his Excellency mentioned, but M. A'lam clearly took a gloomy view of the situation, and it did not seem to be a part of my duties to minimise to him the dangers in which small countries may find themselves if they become economically dependent upon Germany.

3. As your Lordship is aware, the Iranian Government take no very great interest in European events, unless they think they may themselves be affected. The recent actions of the German Government have clearly caused anxiety here, though I do not wish to exaggerate the strength of the feeling produced. In accordance with the usual practice, no independent Iranian comment has appeared in the press, statements and speeches being reproduced from the foreign press and the reader being left to take his choice. But the Shah and his Government realise—though perhaps not fully—the great difficulties into which Iran would be plunged if a general war were to take place at a time when the country is so dependent upon foreign supplies for the industrial development to which it is so deeply committed. They are, therefore, necessarily nervous of any adventures which seem likely to increase the risk of war.

4. I am sending a copy of this despatch to the Secretary to the Government of India in the External Affairs Department, New Delhi.

I have, &c.

H. J. SEYMOUR.

[E 2666/216/34]

No. 16.

Mr. Seymour to Viscount Halifax.—(Received April 12.)

(No. 92.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 6 for the period ending the 25th March, 1939, compiled by the military attaché to this legation.

Tehran, March 31, 1939.

Enclosure in No. 16.

(Secret.)

*Intelligence Summary No. 6 for the Period ending March 25, 1939.*1. *The Shah.*

(i) ON the 13th March His Imperial Majesty the Shah returned to the capital from his tour in Khuzistan. Whilst there he visited public works, railway and port administration buildings, &c., both in Ahwaz and Bandar Shahpur. It is understood that the Shah took the opportunity of acquiring land on the right bank of the Karun River, near Ahwaz, for the erection of a palace.

(ii) The 15th March, the 61st anniversary of the birthday of the Shah, was celebrated throughout Iran. According to the official press His Majesty was born on the 15th March, 1878, near Alasht (District of Sawad Kuh), of a noble family of warriors. In the evening a banquet, followed by a soirée, was given by his Excellency M. Mahmud Jam, the Prime Minister, and Mme. Jam at the Gulistan Palace in honour of the occasion.

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(iii) On the 22nd March (New Year's Day) His Imperial Majesty received in audience at the Gulistan Palace from 8.00 hours till noon various official delegations and the Diplomatic Corps, who offered their congratulations and good wishes. The Diplomatic Corps were received in the Salle des Brillants. The Turkish Ambassador, doyen of the corps, read a short speech of congratulation in Persian, to which the Shah replied in a voice scarcely audible. The Shah, accompanied by the Foreign Minister, walked round and listened to the heads of each mission tender their respective country's congratulations. The Shah then shook hands with members of each mission.

His Majesty appeared to be tired and bored with the whole proceedings, but was in good humour.

2. The Crown Prince.

(i) The marriage contract between His Imperial Highness the Crown Prince and Her Royal Highness Princess Fouzieh of Egypt was signed at the Abdin Palace in Cairo on the 15th March. The ceremony, which is reported in the press as being very simple, was in accordance with Islamic Law. The only persons present besides His Majesty King Farouk of Egypt and the Crown Prince were Sheikh Mustafa-el-Moraghi, Rector of El Azhar University; their Excellencies Zulfakar Pasha; Morad Pasha; Dr. Matin Daftari (Iranian Minister of Justice) and Dr. Moadeh Nafisi (Grand Maître de la Maison Civile of the Crown Prince). The contract of marriage was written and signed on specially-prepared durable parchment. A further marriage ceremony will take place in Tehran on the return of the Crown Prince and Princess.

(ii) The press continue to publish long telegrams from Egypt, where the Royal hospitality is reported as having been lavish in the extreme.

(iii) A consular report from Kermanshah states that the Crown Prince has caused a very unfavourable impression among the notables and townsfolk there by his arrogance, boorish indifference and lack of appreciation for the efforts and expense which all had been put to in decorating the town and preparing a warm welcome.

3. Iranian Officials.

Among the New Year promotions are the following:—

- (i) Sarhang (Colonel) Khusrovani (M.A.'s Personalities No. 153), Chief of the Iranian Air Force, to be Sartip (Brigadier).
- (ii) Sartip (Brigadier) Amir Khosrovi, president of the Banque-i-Mellie, to be Sar Lashgar (Major-General).

4. The Wedding Celebrations.

(i) The construction of triumphal arches in the capital continues. It is rumoured that the Shah is displeased at the unnecessary expense and the elaborate arches being constructed by the Banque-i-Mellie (National Bank).

(ii) A special issue of postage stamps commemorating the marriage is being printed and will be on sale to the public during the celebrations.

5. The Iranian Army.

(i) Reference Intelligence Summary No. 4 (current), paragraph 12 (iii). Officers of the Iranian army appeared at Gulistan Palace on the 22nd March (New Year's Day) wearing their new full dress uniform for the first time. The dress is as already described with the exception that gold epaulettes are worn instead of shoulder straps. The khaki is of a mustard shade in colour. The Crown Prince is wearing similar uniform in Egypt.

(ii) It has been decided to absorb the gendarmerie (amnieh) in the army. As far as can be ascertained they will retain their status as amnieh, but will be attached to the various divisions of the army. It is said that the reasons for this step are the continued tranquillity existing amongst the tribes and the general improvement in public security and also as a measure of economy. The present blue uniform will be replaced by khaki. The numbers affected are approximately 10,000.

(iii) Reference Intelligence Summary No. 22 of 1938, paragraph 8 (iii). The two battalions of the 3rd (Bahadur) Infantry Regiment returned to Tehran in November 1938.

6. Egyptian Interests.

His Excellency M. Yusuf Zulfakar Pasha, former president of the Mixed Courts of Appeal of Egypt, has been appointed Egyptian Ambassador in Iran in succession to his Excellency M. Abdel Latif Talaat Bey.

7. Afghan Interests.

A press report states that his Excellency M. Mohammed Norouz Khan has been appointed Afghan Ambassador in Iran in succession to his Excellency Sardar Ahmad Ali Khan, who has been absent on leave since April 1938.

8. Italian Interests.

The Italian Government have now decided to send, in addition to their official representative and suite, a naval detachment consisting of four officers and sixty ratings to attend the wedding celebrations. The detachment will be furnished by the *Eritrea*, which is scheduled to arrive at Bandar Shahpur on the 18th April. It will be recalled that this vessel visited Khorramshahr and Basra from the 2nd to the 7th March last year.

9. Civil Aviation.

On the 20th March the weekly Iranian air mail and passenger aeroplane for Bagdad crashed shortly after taking off. The machine was completely wrecked and was burnt out. The crew and passengers, among whom were Major the Lord Stratheden, Coldstream Guards, and Lady Stratheden, escaped with bruises and severe shock.

This is the first serious accident to the Iranian air mail service since its inauguration at the end of November 1937. The pilot, Sarwan (Captain) Mustafavi, who received his training in Europe, had never before flown a fully-loaded D.H. "Rapide." It appears that, shortly after taking off, the pilot attempted to climb too rapidly, with the result that the plane stalled and crashed. The crash occurred within a few yards of a Lufthansa machine, which was also ready to take off for Berlin.

No mention of this accident has appeared in the press.

10. Communications.

(i) *Roads*.—The bringing into operation of the transport arrangements between Trebizond and Tabriz has been suspended by the Turkish Government until the end of June. According to information obtained from a Turkish source, the road is impassable owing to heavy snow and landslides.

It is learned from a reliable source that the Iranian Government do not now wish to continue the promotion of this trade route.

(ii) *Telegraphic*.—A telegraphic and wireless telegraphic agreement was signed in Kabul on the 7th January between representatives of Iran and Afghanistan. This agreement provides for the establishment of direct telegraphic communication between the two countries. Overland telegraph offices will be established at the under-mentioned places:—

In Iran: Tayyebat (presumably Taiabad), million sheet No. 29, sq. N.

In Afghanistan: Islam Kala, million sheet No. 29, sq. O.

Radio telegraph offices already exist in the capitals of both countries.

(iii) *Railways*.—Work on all branch lines of the Trans-Iranian Railway is continuing at full pressure now that the weather is good. The station buildings, both at Qashan and Yazd, have been begun.

11. German Interests.

On the 21st March the German Military Attaché called on the British Military Attaché officially. In the course of conversation he stated that all outstanding Iranian contracts for armaments placed with Messrs. Skoda and Brno of Czecho-Slovakia would be fulfilled. He went on to say that these firms had been practically administered by Germany since October last, when the French interests were taken over by Messrs. Krupp.

12. *The Imperial Bank of Iran.*

Reference Intelligence Summary No. 4 (current), paragraph 13. The closing down of the branch of the Imperial Bank of Iran at Yezd appears to have caused a poor impression among the merchants of that town, who were much in favour of it being kept open.

The branch was suddenly closed down within the short period of six weeks, and no reasons were given to its clients.

As a result of the closing down of the branches also at Kerman and Zahidan the Imperial Bank of Iran has now completely severed its long connexion with South-East Iran.

13. *Provinces.*

It is reliably reported from Yezd that over 283 silk weavers have been forcibly removed from their homes and sent under escort to work in the Shah's silk factory in Mazanderan.

14. *German Clearing Agreement.*

After prolonged negotiations the German Clearing Agreement has been renewed for a further period of one year.

Under the old agreement there resulted an adverse balance amounting to nearly 27 million reichsmarks in favour of Germany. In November 1938 the Shah decided to denounce the agreement unless the Germans accepted certain modifications, which included the payment in sterling of the adverse balance, the reichsmark to be calculated at 32 to the £ sterling.

The Germans finally accepted the Shah's proposals, and a supplement to the Iran-German Clearing Agreement was signed in January 1939.

This supplement provides for only one clearing account at the German Clearing Office. The Banque-i-Mellie of Iran will deposit rials only. Payments will be effected chronologically as they were made or fall due. The rate of the clearing reichsmark will be fixed by both countries in consultation. Merchandise must not be transported through the U.S.S.R., but must either be sent via Trebizond, which is expensive, or by sea route to Bandar Shahpur.

15. *British Broadcasts.*

At 20.50 hours on Saturday, the 18th March, a broadcast talk in Persian from London by Sir Dennison Ross and the Chargé d'Affaires of Iran had been advertised in the press.

Actually, listeners heard Sir Dennison Ross speak a few sentences in Arabic and then in Persian expressing his greetings and congratulations to Egypt and Iran on the wedding of their Royal Houses. This was followed by a talk in Arabic on Iran and Egypt by the regular Arabic announcer.

The reception in Tehran (short wave 31.32 metres) was excellent, but as a Persian broadcast it was a distinct disappointment.

On the other hand, on Thursday, the 16th March, at 22.15 hours, under the "Food for Thought" series, an accurate, interesting and appreciated talk was given by Mr. S. Clegg, late of the Anglo-Iranian Oil Company, on Iran (its size, climate, peoples, progress, industries and its ruler).

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, March 25, 1939.

2. The prince and his suite, amongst whom were their Excellencies Hassan Esfendiari, President of the Meglis of Iran; Ahmed Natine Daftari, Minister of Justice; and Mohamed Aly Moghaddam, Director-General of the Ministry for Foreign Affairs, were brought to Egypt in the Royal yacht *Mahroussa*, which had been specially sent to Beirut with a reception committee consisting of Mourad Muhsan Pasha, Director of the King's Domains, Mohamed Sharara Pasha, Under-Secretary of State, Ministry for Foreign Affairs, and two others to accompany the prince on the last stage of his journey.

3. On the ship's arrival at Alexandria at 9.30 A.M. on the 3rd March the prince was met by Prince Mohamed Aly, the Minister for Foreign Affairs, the Governor of Alexandria, and other notables, and after driving through the streets left by special train for Cairo, arriving there at 2.30 P.M. He was met on the platform by the princes and Ministers and other high dignitaries. From the station the prince proceeded in an imposing cortege escorted by the Royal body-guard through streets lined with the usual curious and mildly enthusiastic crowd of Cairo to Abdine Palace, where he was greeted by King Farouk. After the formal presentations had been made, the Crown Prince was taken by King Farouk to the apartments of the Royal ladies, where he was presented to Queen Nazli, Princess Fawzia, his future bride, and the younger princesses. These introductions over, the Royal visitor left for Serai-el-Siafa at Mataria, a fine house belonging to Mohamed Taher Pasha, which had been allotted to him for his stay in Egypt.

4. I will not weary your Lordship with details of the very full programme which had been arranged for the prince by a special committee presided over by Mohamed Taher Pasha, and in which was included the notorious Verucci Bey. Your Lordship will find the full details set out in the brochure enclosed herewith.⁽¹⁾ Its main features were a series of banquets given by King Farouk, the Prime Minister, the Minister for Foreign Affairs, and the Crown Prince himself; a military review; and the general public celebrations which marked the actual signing of the marriage contract on the 15th March. The prince also paid a visit to Alexandria during the latter part of his stay, but that to Upper Egypt was cancelled. I asked the Iranian Ambassador if I could offer the prince any hospitality, but was informed, as I expected, that his Highness's time was already fully occupied with engagements.

5. I have already, in my despatch No. 231 of the 3rd March, reported to your Lordship that previous to the Royal visit Egyptian public opinion had not been over enthusiastic over the projected marriage, and that the more educated classes had been inclined to take a critical view of the expense and time which were to be lavished on the entertainment of the prince. This feeling, after the prince's arrival, continued to show itself, but was partly neutralised by the very favourable impression created by the prince himself, though many complaints were heard from Ministers, diplomats, and officials regarding the loss of sleep and of working hours they were suffering.

6. The Crown Prince is a pleasant-looking youth, and all who have met him have been charmed by his manners and general bearing. I found him intelligent and forthcoming on all occasions, even when he must have been physically worn out with the unending programme of hospitality. He is quite obviously delighted with the bride chosen for him, and shows every sign of having fallen genuinely in love with her. The princess, on her side, reciprocates this affection. Queen Nazli, who arranged the marriage, is delighted with her future son-in-law and professes entire happiness regarding it.

7. It became clear, soon after the prince's arrival, that some of his ideas were not altogether those which had been hoped for by the more conservative and politically-minded of the Egyptian Court. The prince's education in Switzerland and the political doctrines which he has no doubt acquired from his father, the present Shah of Iran, have definitely imbued him with ideas of a modernistic and autocratic nature more akin to those of the late President Ataturk and the former King Amanullah of Afghanistan, than the pseudo-oriental and Islamic tendencies of certain of King Farouk's present advisers. For example, it came as a shock to King Farouk when the prince at an early stage made it clear that he had no intention of taking part in public prayers with the Egyptian Court. Egyptians, including even Sheikh El Maraghi, apparently had entirely failed to

⁽¹⁾ Not printed

[E 2983/42/34]

No. 17.

Sir M. Lampson to Viscount Halifax.—(Received April 24.)

(No. 389.)

My Lord,

Cairo, April 5, 1939.

I HAVE the honour to report that His Imperial Highness Mohamed Riza Pahlavi, Crown Prince of Iran, embarked at Port Said for Bandar Shahpur on the 3rd April with his bride, Princess Fawzia, Queen Nazli, the younger Princesses, and the Egyptian and Iranian missions of honour, thus bringing to a conclusion his visit of a month's duration to Egypt.

have fundamentally little sympathy. In these reactions Egyptian public opinion has shown itself to my mind sound.

23. It is a pity that a lack of perspective and moderation on the part of those responsible (no doubt mainly King Farouk himself), largely spoilt what might have been a really happy event for Egypt, and which, with a lighter touch, might have caught the popular imagination. For Shahpur Mohamed Riza Pahlevi is by general consent a charming young prince, and he seems to have found a bride after his and her own heart.

24. A copy of this despatch is being sent to Tehran.

I have, &c.

MILES W. LAMPSON.

[E 3024/216/34]

No. 18.

Mr. Seymour to Viscount Halifax.—(Received April 25.)

(No. 108.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 7 for the period ending the 8th April, 1939, compiled by the military attaché to this legation.

Tehran, April 14, 1939.

Enclosure in No. 18.

Intelligence Summary No. 7 for the Period ending April 8, 1939.

(Secret.)

1. The Crown Prince.

AFTER a stay of nearly one month His Imperial Highness the Crown Prince, accompanied by his wife, the Crown Princess Fouzieh, Her Majesty Queen Nazli, the Queen-mother, the Princesses Fateh, Faiqeh, Faezeh and a large suite, embarked at Port Said on the 4th April for Bandar Shahpur via the Red Sea and the Persian Gulf on the steamship *Mohamed Ali-el-Kebir* of the Pharaonic Line. An Egyptian naval escort is accompanying the *Mohamed Ali-el-Kebir* as far as 18° of latitude, where the escort duty will be taken over by the Royal Italian navy, followed by the French, British and Iranian navies each in their respective waters.

It is reliably reported that there is little enthusiasm in Egypt for this alliance of the ruling houses of Iran and Egypt. Official Egyptian circles deplore the waste of time and lavish expenditure which has been incurred in Egypt on the marriage ceremonies and entertainment of His Imperial Highness the Crown Prince of Iran, especially during a time of acute world tension and anxiety.

It has been noted that in comparison the marriage celebrations in Iran are to last four days.

2. Marriage Celebrations.

(i) Reference Intelligence Summary No. 6 (current), paragraph 8. The Italian Government have unexpectedly cancelled their decision to send a naval detachment to attend the wedding celebrations. No reasons have been given.

(ii) The French delegation will be composed of the following:—

General Weygand.

M. M. Pelisser.

M. Becq de Fouquieres.

Rear-Admiral de Carpentier.

Professor Massignon.

Captain Gasser, A.D.C.

A detachment of three officers and fifty naval ratings.

(iii) Reference Intelligence Summary No. 4 (current), paragraph 3. Vice-Admiral J. F. Somerville, C.B., D.S.O., Commander-in-chief, East Indies

Squadron, will not now attend the wedding celebrations in Tehran as he has been invalided home. His place will be taken by Commodore A. Poland, D.S.O., former Senior Naval Officer, Persian Gulf.

(iv) The Earl of Athlone, K.G., and Princess Alice Countess of Athlone and suite, accompanied by Commodore Poland and staff, will travel by air from Bagdad to Tehran via Kermanshah. Five Vickers "Valentia" machines are being used for this purpose.

(v) An Egyptian military contingent consisting of 250 all ranks embarked at Suez on the 29th March for Bandar Shahpur via the Red Sea.

3. Iranian Officials.

Dr. Abdul Qasim Bahrami has been appointed Director of the Public Health Department.

4. The Iranian Army.

(i) In accordance with the new Iranian Conscription Law, conscripts of Class 1298 (1919) have been called up for military service. They will commence their training from the end of Farvardin (the 21st April).

(ii) It is reported that the Soviet Government, through their chargé d'affaires, have recently informed the Imperial Iranian Government that they will not look with favour upon the suggested employment of a German military mission in Iran.

(iii) Reference Intelligence Summary No. 25 of 1938, paragraph 6 (v). It is learned from two reliable sources that the order for 200,000 rifles from Brno of Czecho-Slovakia has been cancelled by the Iranian Government and given to the Fabrique nationale belge.

5. Tribal Unrest.

Since the middle of February Kurdish tribes in the Sardasht area (degree sheet No. 1 H, square B 4) have been in a disturbed state. The cause of the rising is said to be due to the refusal of Kurdish conscripts to report for military service, disarmament and the compulsory adoption of European clothes. Several Iranian frontier posts have been attacked and the garrison at Sardasht (consisting of one battalion) has been threatened. The tribes have been joined by a number of their kinsfolk from Iraq, notably the Pizhder area.

Military operations have up till now been considerably hampered and delayed by snow and bad weather. The General Officer Commanding 4th (Rezaieh) Division has, however, reinforced by motor lorry the Sardasht garrison with troops from Rezaieh and Sauj Bulagh. Additional troops have also been drafted into the disturbed area from the 5th (Senneh) Divisional Area and Tabriz. One punitive column is reported to have burnt the Kurdish village of Kolkerash (degree sheet No. 1 H, square B 4), not, however, without casualties.

It is possible that numbers of Kurdish tribesmen are waiting to see whether an initial success attends this rising before taking an active part in it.

The Iranian authorities, who are extremely reticent about the whole affair, blame agitators from Iraq for stirring up the tribes. The situation is now reported to be well in hand.

6. Dutch Interests.

A Dutch company called the Algemeene Exploratie Maatschappij of The Hague has been granted a concession to explore for minerals, excluding oil and red oxide. Two areas have been defined. The northern area is a rectangle drawn approximately between the following place names:—

Duz Duzan: Million sheet No. 1, square D 3.

Kuraim: Million sheet No. 8, square A 3.

Nain: Million sheet No. 16, square B 4.

Khumain: Million sheet No. 9, square C 3.

The southern area is formed approximately by joining the following places:—

Pashu: Million sheet No. 24, square C 3.

Kuh-i-Basud: Million sheet No. 25, square C 2.

Siri Island: Million sheet No. 18, square C 3.

Buru: Million sheet No. 17, square C 3.

This concession area includes all islands belonging to Iran within these limits. The ownership, however, of several of these islands is under dispute, viz., Tamb, Bumusa, &c., which may raise difficulties.

The exploration company has agreed to spend half a million florins (£55,000) spread over a period of three years, as under:—

	Florins.
First year	100,000
Second year	200,000
Third year	200,000

These sums of money have to be deposited with the Banque-i-Mellie at the beginning of each year.

The text of the concession has been carefully drawn up on the lines of the contract between the defunct Amiranian Oil Company and the Iranian Government.

A rough sketch map of the concession areas is attached as an appendix⁽¹⁾ to this summary for ready reference.

7. French Interests.

Reference Intelligence Summary No. 5 (current), paragraph 6. The French Government, through its minister in Iran, have strongly protested against the continued detention in prison without trial of M. Mathis, chief representative of Messrs. Schneiders, Creuzot, &c., in Iran.

8. Italian Interests.

Reference Intelligence Summary No. 4 (current), paragraph 11. Colonel Bolioni, the Italian Military Attaché at Angora, has been accredited also to Tehran. He is expected to attend the forthcoming wedding celebrations in the capital.

9. Afghanistan Interests.

A treaty was signed at Kabul on the 26th January between Afghanistan and Iran on the subject of their respective water rights on the Helmand River at the Kamal Khan barrage.

According to the terms of the treaty, the two parties agree equally to divide the waters of the Helmand from the barrage area annually during the autumn. The cost of constructing sluices, additional canals, &c., will be divided between the two countries.

10. Civil Aviation.

(i) Polish Airlines (L.O.T.) are starting a new air bi-weekly service between London and Bagdad via Athens, Beirut and Lydda. Negotiations are reported to be taking place for its possible extension to Tehran. The aircraft to be used is the Lockheed type 14. The scheduled time for the flight is thirty hours.

(ii) The type of aircraft used on the Berlin-Tehran-Kabul passenger air service is the Junkers Ju. 52/3M Transport Monoplane (three B.M.W. 132 engines).

11. The Majlis.

The new session of the Majlis opened on the 4th April. Hassan Isfandiyari (Muhtasham-us-Saltaneh) (Military Attaché's Personalities No. 125, Foreign Office Personalities No. 73) was again re-elected president.

Murteza Quli Bayat (Saham-es-Sultan) (Military Attaché's Personalities No. 65, Foreign Office Personalities No. 50) and Dr. Taheri were re-elected vice-presidents.

12. The Imperial Bank of Iran.

Reference Intelligence Summary No. 6 (current), paragraph 6. The branch at Abadan has been closed down.

13. Communications.

Roads.—A direct road is being constructed between Bandar Shah (million sheet No. 15, square C 4) and Bandar Gaz (million sheet No. 15, square B 4).

⁽¹⁾ Not reproduced.

14. Mortgage Bank.

The new Banque Hypothecaire of Iran, with a capital of 200 million rials (£2½ million) has commenced business.

15. Language Students.

Captain P. G. B. McNalty, 2nd Royal Lancers, has now been granted a *permit de séjour* and allowed to reside in Shiraz. His case was decided by His Imperial Majesty the Shah himself.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, April 8, 1939.

[E 3026/3026/34]

No. 19.

Mr. Seymour to Viscount Halifax—(Received April 25).

(No. 114 E.)
My Lord.

Tehran, April 15, 1939.

I HAVE the honour to inform your Lordship that a bill was introduced before the Majlis on the 12th April, for the approval and ratification of a contract signed between the Ministry of Industry and Mines and the Algemeine Exploratie Maatschappij, a Dutch company for prospecting and research and possible eventual exploration of mineral wealth in two clearly defined areas, as shown on the rough sketch map which is enclosed.⁽¹⁾

2. The southern area it will be observed, includes the Island of Tamb and probably also Bumusa, which is just on the southern edge of the defined area. I propose to take an early opportunity of mentioning to the Netherland Minister the fact that these islands are not under Iranian sovereignty.

3. In the north-western area the company is permitted to explore for both minerals and oil, but in the southern area, oil and red oxide are excluded.

4. Under the contract for prospecting, a copy of which is enclosed,⁽²⁾ the company holds a concession for three years, but under the contract for exploitation, sixteen articles of which have so far been published, the concession is for sixty years.

5. The first reading of the bill met no opposition in the Majlis and was passed to the finance commission for approval before ratification.

6. A copy of this despatch is being sent to the Department of Overseas Trade.

I have, &c.,
H. J. SEYMOUR.

⁽¹⁾ Not reproduced.

⁽²⁾ Not printed.

[E 3367/3367/34]

No. 20.

Mr. Seymour to Viscount Halifax—(Received May 9.)

(No. 122.)
My Lord.

Tehran, April 19, 1939.

I HAVE the honour to refer to Mr. Knatchbull-Hugessen's despatch No. 425 of the 3rd October, 1935, regarding the activities of Germans and their influence in this country. Since that review was made, there has been a marked increase in the number of German residents in Tehran and the provinces, and a corresponding growth of German commercial, industrial and social activity.

2. It is difficult to obtain an accurate estimate of the present size of the German colony in Tehran. It is certain that it has grown rapidly during the last three years and is now believed to number not less than 800. The colony in Isfahan now numbers about seventy, those in Tabriz and Ahwaz about twenty-five. The *Anschluss*, and the consequent addition of Austrians, would account in part for the recent increases. Czechs will now presumably swell the numbers

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still further, but in the case of the local Austrians, and even more so the Czech, the gain in numbers seems to be offset by the loss of unity of purpose. It is difficult to see how so large a number of Germans, in Tehran at any rate, manage to find profitable occupations. Few are artisans; not more than a small proportion are employed by the large German organisations here. The majority appear to make a living independently as small shop-keepers or commission agents.

3. Mr. Sarell's despatch No. 23 of the 23rd November last, of which I had the honour to transmit a copy under cover of my despatch No. 398 of the 16th December, described the organisation of the German colony in Isfahan. That in Tehran is organised on much the same lines under the leadership of Dr. Siems (at present in Germany), a leading medical practitioner of the town whose influence with his community is strong. There exists here also the same pressure on individuals to conform, outwardly at any rate, to Nazi standards. Should any situation arise in which intrigue or propaganda could be conducted on a scale useful to German interests, there is little doubt that the German colony here, with its discipline and organisation, would be well equipped to conduct it.

4. It may be useful to mention here three Germans to whom my attention has been drawn by a reliable source as being suspected of doing work of a political or semi-political nature for the German Government:—

- (a) Erich Bohrnstorff, said to be a relation of Dr. Schacht. Bohrnstorff was employed before the war by Wöckhaus and Co. During the war he formed part of the Neidermayer Expedition. After the war he visited Iran on behalf of Hamburg houses. He is now in Iran as an agent of Ferrostaal, but is not their chief representative. The source considered this suspicious in view of Bohrnstorff's age and abilities.
- (b) Herr Repke, an official commercial representative of the German Government, who makes periodical visits to Iran.
- (c) Herr Petzmayer, an employee of the Iranian firm Pirayesh, which deals almost exclusively in German goods. The source considered that all of these exceeded their purely commercial responsibilities.

5. At the present time, however, there is little possibility of Germans, however well organised, engaging in political activity on an important scale. All foreigners are closely watched by the Iranian authorities, who are likely to be nervous at any display of propagandist activity by a foreign group. In Tabriz, where His Majesty's Consul reports a recent intensification of German activity, two Iranians suspected of engaging in German propaganda were examined by the police. All clubs, Iranian or foreign, must be registered with the police, and the names of the committee stated. As a further precaution, Iranians who employ foreigners are in many cases made to sign an undertaking that their employees do not engage in political activity. So long as the Iranian Government continue to exclude foreigners from any position in the Administration in which they might directly influence policy, there is little prospect of Germans or any non-Iranians attaining a hold on the banking, education, or military services of the country. It is true that since the annexation of Czecho-Slovakia Germany has become the main supplier of military material to this country. The Iranian Minister for Foreign Affairs has, however, hinted that his Government are not pleased with this situation.

6. In general, any weakening of the central authority, resulting in a relaxation of official vigilance, would provide an opening of which the Germans here could and no doubt would take advantage. There is a potential danger, but it should not become actual unless the policy of the Shah is completely changed or unless his death occurs and is followed by a period of confusion. In the event of war, during the continuance of the present régime, it seems reasonably certain that Iranian vigilance will be still further increased, and that the first preoccupation of the Iranian Government will be to ensure its strict neutrality.

I have, &c.

H. J. SEYMOUR.

[E 3036/42/34]

No. 21.

Mr. Houstoun-Boswall to Viscount Halifax.—(Received April 25.)

(No. 180.)

My Lord,

Bagdad, April 20, 1939.

I HAVE the honour to inform you that Her Royal Highness the Princess Alice and the Earl of Athlone, accompanied by Captain and Lady Margaret Hawkins, arrived at the frontier station of Tel Kotehek on the morning of the 16th April on their way to Tehran, where Lord Athlone had been commanded by The King to represent His Majesty at the civil wedding of the Crown Prince of Iran and Princess Fawzieh of Egypt.

2. I met Her Royal Highness and Lord Athlone at the frontier, and the whole party was thereafter flown from Tel Kotehek by Royal Air Force aircraft to Bagdad, where they arrived shortly before 2 p.m. They proceeded to the embassy, where they were staying as the guests of Lady Peterson. Lunch was served and, after the party had rested, Lord Athlone, accompanied by Captain Hawkins, the oriental secretary and myself, drove to the Royal Mausoleum, where, in obedience to The King's command, Lord Athlone laid a wreath on His Majesty's behalf on the coffin of King Ghazi I. His Lordship also visited the tomb of King Faisal I, which is in the same building. After this ceremony had been completed, Lord Athlone, accompanied by myself, took tea with the Regent of Iraq, who, as I reported in my telegram No. 152 of the 19th April, made a very good impression upon his Lordship. In the evening Lady Peterson gave a small dinner-party, which was attended by, amongst others, the Prime Minister.

3. On the following morning, the 17th April, Princess Alice visited, with Lady Peterson, the Bagdad Museum and the Arab Museum of Antiquities. (Lord Athlone, having slightly sprained his foot the previous day, was unfortunately unable to accompany them.) Her Royal Highness, who was escorted round the museums by Sati Beg, the Director-General of Antiquities, and by Mr. Seton Lloyd, the British technical expert in the Department of Antiquities, was most interested in everything she saw, and examined the exhibits in the various cases in the greatest detail. On returning to the embassy Her Royal Highness found awaiting her a small luncheon party, in which were included the French and United States Ministers in Bagdad and their wives. In the evening Lady Peterson gave a dinner-party in honour of the Royal guests, which was attended by prominent British and Iraqi personalities in Bagdad and by the diplomatic representatives of Iran, Saudi Arabia and Egypt.

4. The following day, the 18th April, was occupied almost entirely by an expedition to the Arch at Ctesiphon and to the ancient site at Khafaje. Glorious weather favoured this expedition, in which Lord Athlone as well as Princess Alice took part. Mr. Seton Lloyd was again in attendance to explain the history and significance of the sites, and Her Royal Highness was presented with a piece of pottery from the Royal tombs at Khafaje. The day concluded with a small dinner-party given by Lady Peterson at the embassy.

5. On the 19th April, shortly after 6 a.m., the Royal party left Bagdad in Royal Air Force aircraft for Kermanshah and Tehran, and on arrival at Kermanshah Lord Athlone addressed to the Prime Minister a telegram, a copy of which I have the honour to enclose, thanking him for all the arrangements made in connexion with the visit.

6. The Royal party's stay in Bagdad, short though it necessarily was, gave great pleasure, particularly to those Iraqi, British and other foreign personalities who had the honour of being presented to Her Royal Highness and his Lordship. I should add that the security arrangements of the Iraqi Government left nothing to be desired.

I have, &c.

W. E. HOUSTOUN-BOSWALL.

Enclosure in No. 21.

British Consul to His Majesty's Ambassador (Bagdad).

(Telegraphic.)

Kermanshah, April 19, 1939.

FOLLOWING from Lord Athlone for Prime Minister, Bagdad:—

"Princess Alice and I greatly appreciate kind reception that we received everywhere in Iraq, and desire to thank your Excellency most sincerely for arrangements which were made for our comfort. The only regret is that we should have arrived at such a sad time for your country."

[E 3370/124/34]

No. 22.

Mr. Seymour to Viscount Halifax.—(Received May 9.)

(No. 126 E.)

My Lord.

Tehran, April 25, 1939.

WITH reference to Mr. Eden's circular despatch of the 4th November, 1936, and my despatch No. 413 E., of the 30th December, 1938, I have the honour to transmit to your Lordship herewith a quarterly return⁽¹⁾ extracted from the monthly *Bulletins des Douanes*, of Iranian imports and exports during the three months from the 22nd June to the 21st September, 1938, with comparative figures for the previous year.

2. Both imports and exports in the period under review show considerable decreases. Imports from the five principal countries fell heavily—except in the case of India, but the increase here shown is mainly due to higher valuation of tea, the actual quantity imported being less than during the similar period last year.

3. The decrease in exports, exclusive of oil, is mainly due to a fall in exports of carpets of 13,806,530 rials, or about £172,580.

4. Out of the five principal countries only the United Kingdom improved its position as an importer from Iran. This was due to large shipments of hides and skins.

5. It is interesting to note the diversion of cotton exports to Germany instead of to the Soviet Union, presumably owing to the expiry on the 21st June, 1938, of the Irano-Soviet Trade Agreement.

6. Copies of this despatch are being sent to the Department of Oversea Trade and the Secretary to the Government of India in the External Affairs Department.

I have, &c.

H. J. SEYMOUR.

⁽¹⁾ Not printed.

[E 3372/1064/34]

No. 23.

Mr. Seymour to Viscount Halifax.—(Received May 9.)

(No. 132.)

My Lord.

Tehran, April 29, 1939.

WITH reference to Sir Robert Clive's despatch No. 515 of the 21st October, 1927, I have the honour to report that the Ministry of Justice Gazette, No. 3012, of the 18th Bahman, 1317 (7th February, 1939) gives the text of a decree dated the 2nd Aban, 1317 (24th October, 1938), prolonging the existing Iran-Soviet agreement regarding the fisheries in the South Caspian for three years from the 1st October, 1938.

2. I am sending a copy of this despatch to His Majesty's Ambassador at Moscow.

I have, &c.

H. J. SEYMOUR.

No. 24.

[E 3373/216/34]

Mr. Seymour to Viscount Halifax.—(Received May 9.)

(No. 135.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 8 for the period ending the 22nd April, compiled by the military attaché to this legation.

Tehran, April 29, 1939.

Enclosure in No. 24.

(Secret.)

*Intelligence Summary No. 8 for the Period ending April 22, 1939.*1. *The Crown Prince.*

REFERENCE Intelligence Summary No. 7 (current), paragraph 1. H.M.S. *Norfolk* took over escort duty from the French navy in the Bab-el-Mandeb and accompanied the steamship *Mohamed Ali El Kebir*, conveying their Imperial Highnesses the Crown Prince and Princess of Iran, their guests and suites, as far as the entrance to the Persian Gulf, where the Imperial Iranian Navy sloops *Barr* and *Palang* took over.

During their voyage their Imperial Highnesses, together with Her Royal Highness Queen Nazli of Egypt, boarded H.M.S. *Norfolk* and walked round ship. They appeared to be very interested in all they were shown. The Crown Prince showed himself to be particularly well informed on naval subjects.

On the 14th April the steamship *Mohamed Ali El Kebir* arrived at Bandar Shahpur. Her Imperial Majesty the Queen, accompanied by the two Iranian Princesses and the General Officer Commanding 6th (Khuzistan) Division, immediately embarked and greeted the Royal party, after which all entrained for Tehran.

On the 15th April at 15 hours the Royal train reached Tehran and was met at the station by His Imperial Majesty the Shah.

A procession, consisting of a Sovereign's escort of cavalry furnished by the 1st Pahlavi Lancers followed by twenty-two open cars, was then formed. The procession drove slowly through the decorated streets to the Gulistan Palace.

Although the day was not an official holiday the crowd which had assembled some hours beforehand were two to three deep. As the procession passed the crowd clapped loudly and appeared to be genuinely curious to see the Crown Prince and Princess. The unusual placing of the occupants of the first carriages was, however, somewhat confusing:—

- (1) His Imperial Majesty the Shah and Her Royal Highness Queen Nazli.
- (2) Her Imperial Majesty the Queen and Her Imperial Highness Princess Fowzieh.
- (3) His Imperial Highness the Crown Prince and Her Royal Highness Princess Faezeh.

2. *The Marriage Celebrations.*

(i) On the 17th April, at the special invitation of the Minister of War, all foreign military attachés and Lieutenant-Commander F. R. W. Paris, R.N., were shown the accommodation and arrangements at the Officers' Club and Ecole de Guerre for the officers and men of their respective detachments. It was evident that no pains or expense had been spared to make the foreign detachments comfortable during their stay in Tehran.

(ii) On the 16th April a special Afghan mission, composed as under, arrived by train from Kabul, via Karachi and Bandar Shahpur:—

His Excellency Ahmed Shah Khan, Minister of the Afghan Court.
Divisional General Mustafa Khan, acting Chief of the General Staff.
Brigadier Mohammad Yakub Khan, A.D.C.

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(iii) The Earl of Athlone, K.G., and Her Royal Highness Princess Alice Countess of Athlone and suite, accompanied by Commodore Poland and staff, arrived at Doshan Tappeh military aerodrome on the 19th April. They had flown from Bagdad, via Kermanshah, in five Vickers "Valentia" machines. On arrival they were officially welcomed by His Imperial Highness Prince Shahpur Ali Reza Pahlevi (Military Attaché's Personalities, No. 206, page 3) and a guard of honour (with band), furnished by the 5th (Rezapur) Infantry Regiment.

(iv) The Royal Naval detachment, under the command of Lieutenant-Commander M. G. Goodenough, R.N., arrived in Tehran on the afternoon of the 20th April. Arrangements for the comfort of the officers and men during the train journey of thirty-one hours were excellent. The detachment was officially greeted by Colonel (Sarhang) Hasan Arfa (Military Attaché's Personalities, No. 37), representing the Imperial Iranian army, and a guard of honour (with band), furnished by the 1st (Pahlavi) Guard Regiment. The Royal Naval detachment, headed by a Royal Marine band, marched from the station to the officers' training college (1½ miles) through crowded streets. An extraordinarily warm welcome was accorded them by the Persian crowds at the station and during the march.

(v) On the 21st April a garden party was given by His Majesty's Minister and Mrs. Seymour to the British colony, to have the honour to meet Major-General the Earl of Athlone, K.G., and Her Royal Highness Princess Alice Countess of Athlone in the grounds of the legation. The Iranian military authorities issued strict orders that no member of the British detachment was to enter the British Legation. It was only after the greatest difficulty that the order was cancelled. On the following day the military authorities apologised for the trouble caused, but no explanation was forthcoming. It is believed that the whole incident arose over a misinterpretation of a remark by the Shah that he wished all foreign detachments to be his guests.

(vi) On the 22nd April heads of special missions and the Diplomatic Corps were introduced to Her Majesty Queen Nazli at the Gulistan Palace and to view the presents. Her Imperial Highness the Crown Princess Fowzieh was prevented from attending through indisposition.

(vii) No special mission has come from India to be present at the celebrations. Since India is a neighbouring country, this has caused some surprise and comment.

(viii) The following naval and military detachments have now arrived in Tehran:—

France—

Naval ratings: 50. From Beirut by road.

England—

Naval officers: 6.
Naval ratings: 59.
Royal Marine band: 22. } From H.M.S. *Norfolk*, East Indies Squadron
by rail from Bandar Shahpur.

U.S.S.R.—

Naval ratings: 33. By road from Bandar Pahlavi.

Turkey—

Officers: 10
Other ranks: 158.
Band: 48. } By road.

Egypt—

Officers: 11.
Guard cavalry and band: 84.
Soldiers: 106. } By rail from Bandar Shahpur.

(ix) One hundred and twenty-three triumphal arches have been erected in Tehran along the processional route. The estimated cost of these and other decorations, which are most elaborate, is about £100,000.

3. Polish Interests.

The President of the Polish Republic has presented an aeroplane to His Imperial Highness the Crown Prince. This machine was flown from Poland, and is similar to the type R.W.D. 10 shown in *Jane's all the World's Aircraft*, p. 226 (c).

4. Japanese Interests.

The Japanese special mission for the marriage celebrations, consisting of the following members, arrived at Doshan Tappeh military aerodrome on the 15th April by air:—

Commander Hozumi Eguchi, Japanese navy.
Mr. Takco, chief of the Foreign Air Communications Committee.
Mr. Sahiro, general manager of the Japanese air line "Dai Nippo Kokukai."

The crew of the machine consisted of two pilots, two mechanics and one wireless operator.

The aircraft used is named the "Soyokazi," a product of the Mitsubishi Company—twin-engined (*vide Jane's all the World's Aircraft*, 1938, p. 197 (c)). The machine is reported to have been used previously in Japanese military operations in China and hit on two occasions.

The journey from Japan was completed in seven days as follows:—

April 9, Tokyo-Taihoku (Formosa): 2,140 kilom.
April 10, Taihoku-Canton: 930 kilom.
April 11, Canton-Bangkok: 2,020 kilom.
April 12, Bangkok-Calcutta: 1,680 kilom.
April 13, Calcutta-Karachi: 2,445 kilom.
April 14, Karachi-Basra: 2,150 kilom.
April 15, Basra-Tehran (via Bagdad (five hours)): 1,140 kilom.

This machine has flown over Tehran several times daily during its stay and has showered leaflets congratulating Iran on the wedding.

5. Egyptian Interests.

On the 18th April His Imperial Majesty the Shah received in audience his Excellency Yussuf Zulfikar Pasha, the new Egyptian Ambassador, who presented his letters of credence. His Excellency is the father of the present Queen of Egypt and is therefore closely connected with Egyptian Court circles.

6. Afghan Interests.

His Excellency Mohammad Nouroz Khan, the new Afghan Ambassador, presented his letters of credence on the 18th April.

7. Turkish Interests.

Seven aeroplanes belonging to the Turkish air force arrived in Tehran on Monday, the 17th April. They created a good impression by their high-speed and formation flying. They are reported to be "Vultee" V-11-GB monoplanes.

8. U.S.S.R. Interests.

General Toulinoft, General Officer Commanding Transcaucasian army, accompanied by a staff captain and thirty-three officers and men of the U.S.S.R. navy, arrived in Bandar Pahlavi on the 21st April on board the Soviet war-vessel *Khasni Azerbaijan*. This ship is remaining in the harbour during the celebrations.

9. German Interests.

On the 20th April the following German delegation arrived at Doshan Tappeh military aerodrome in two aircraft which have not yet been identified:—

Count von Schulenberg, ambassador at Moscow.
General Grauert, German air force.
One captain and two lieutenants, six orderlies and two pilot officers.

10. *British Officers.*

The following British officers passed through Tehran during the period under review :—

Lieutenant P. D. Smitherman, 2nd Battalion the Suffolk Regiment, from India *en route* to England.
Captain V. D. O'Harmar, Royal Artillery, from Palestine, touring Iran.

11. *The Majlis.*

In accordance with article 53 of the Electoral Law of the 5th September, 1924, the period of validity of the Eleventh Legislature expires on the 19th September next. The Shah has signed a decree ordering the Minister of the Interior to prepare for the elections of the new Twelfth Legislature.

12. *British and Foreign Broadcasts.*

A report from Ahwaz states that considerable interest has been taken in the recent broadcasts in Persian from Cairo and London. Many local Arab-speaking Persian notables listen to the daily news in Arabic, and have themselves suggested similar broadcasts in the Persian language.

It is also reported from Shiraz and other sources that a free distribution of the German-Asia-Australian broadcasting programmes is made. This programme is stated to be much better than the British Broadcasting Corporation's overseas press bulletin, being clearer, more businesslike and easier to understand.

13. *The Iranian Air Force.*

Reference Intelligence Summary No. 1 (current), paragraph 5 (iii). Eighteen aeroplanes have now arrived in Tabriz. The squadron is now up to strength. There are fifteen pilot officers.

14. *The Iranian Army.*

Iranian army officers have adopted evening dress uniform. This consists of a tunic with gold epaulettes, gold-braided Sam Browne belt and slacks with a broad red stripe down each leg.

H. J. UNDERWOOD,
Lieutenant-Colonel, Military Attaché

Tehran, April 29, 1939.

[E 3374/42/34]

No. 25.

Mr. Seymour to Viscount Halifax.—(Received May 9.)

(No. 138.)

My Lord,

Tehran, April 27, 1939.

BEFORE accompanying Major-General the Earl of Athlone and Her Royal Highness Princess Alice on a three days' visit to the Caspian, I have the honour to send your Lordship an interim report upon their visit and that of the Acting Commander-in-chief, East Indies, and the Royal naval detachment from H.M.S. *Norfolk*. I am confining myself for the present mainly to recording the entertainments in which the British special delegation took part. A further despatch will be sent to your Lordship in due course.

2. Shortly before half-past 1 on Wednesday, the 19th April, five Valentia aircraft of the Royal Air Force landed at the Doshan Tappeh Aerodrome outside Tehran. As Lord Athlone and Princess Alice stepped out of the leading aircraft they were greeted by Prince Ali Reza, the second son of the Shah, who presented M. Jam, the President of the Council of Ministers, M. A'lam, Minister for Foreign Affairs, certain military personages and M. Hussein Ala, formerly Iranian Minister in London, who has been selected to attend upon the Earl of Athlone during his visit. Lord Athlone and Princess Alice were accompanied by Captain G. A. B. Hawkins, R.N., equerry, and Lady Margaret Hawkins, lady-in-waiting. The British and Iranian National Anthems were then played. Lord Athlone inspected the guard of honour, and, after I had made a few

presentations, the party were conducted to the house of the Qawam-es-Saltaneh, a modern building, where they were to lodge as guests of the Iranian Government during the official celebrations.

3. Commodore A. Poland, D.S.O., R.N., Acting Commander-in-chief, East Indies, accompanied by Paymaster-Commander A. W. Laybourne, R.N., and Lieutenant-Commander R. F. W. Parish, R.N., arrived at the same time as Lord Athlone and Princess Alice. They were welcomed by the senior Iranian officers present, and then taken to the officers' club, where they were accommodated during their stay. After luncheon at the house of the Qawam-es-Saltaneh Lord Athlone returned Prince Ali Reza's visit.

4. There were no further official engagements on the 19th April. On the following afternoon Lord Athlone was received by the Shah and subsequently by the Crown Prince. After the interview Commodore Poland was presented to the Shah by Lord Athlone. Later, Princess Alice was received by the Queen. In the evening Lord Athlone and Princess Alice dined at His Majesty's Legation, and afterwards attended a reception in honour of the foreign delegations given by the Turkish Ambassador, the doyen of the Diplomatic Corps, at his new embassy.

5. At 6 p.m. on the 20th April the staff of His Majesty's Legation and many British residents in Tehran were present at the railway station to welcome the Royal naval detachment and the Royal Marine band from H.M.S. *Norfolk*. The detachment, under the command of Lieutenant-Commander M. G. Goodenough, R.N., was received with full honours by a detachment of the Iranian army. With the Royal Marine band at its head, the detachment marched up the Avenue Pahlavi to the military college. The streets were lined by a large crowd, which gave the detachment a welcome the enthusiasm of which astonished all those present; they were cheered all along the 3-mile route to the military college, and were followed by a crowd which effectively blocked the traffic.

6. On Friday, the 21st April, my wife and I gave a garden-party at the legation, at which members of the British colony in Tehran had the honour of being presented to Lord Athlone and Princess Alice. The Royal Marine band played the National Anthem upon their arrival. Lord Athlone inspected and shook hands with a guard of honour furnished by British ex-service men resident in Tehran, and on departure he and Princess Alice passed through the main gate of the legation amid rousing cheers.

7. The four days of official festivities opened on Saturday, the 22nd April, in brilliant weather with a reception at the Gulistan Palace at 5 p.m., when the foreign delegations and the members of the Diplomatic Corps, together with the officers of the Royal Navy and the Royal Air Force, had the honour of being presented to Queen Nazli. In the programme it was stated that they would also be presented to Princess Fowzieh, but Her Royal Highness did not attend the ceremony. The wedding presents of heads of State and from the various provinces of Iran were displayed in the Museum Hall, and remained on show throughout the celebrations. His Majesty's gift was much admired, as also a dressing-case presented to the bride by the National Bank of Iran, the work of a Bond Street jeweller. In the evening the heads of special delegations and heads of missions and a few senior Persian officials were the guests of the Shah at an official dinner held at the Gulistan Palace. The dinner was followed by a reception, to which members of the Diplomatic Corps and officers accompanying the various foreign detachments and senior Persian officers and officials were invited. The Shah, accompanied by the Crown Prince and Princess Fowzieh and the other members of the Persian and Egyptian Royal families here, also took supper with his guests.

8. On Sunday, the 23rd April, all those taking part in the festivities were invited to a successful youth display, organised by the Ministry of Public Instruction, and carried out mainly by boy scouts and girl guides, at the Amjadieh Stadium. In the evening the Persian army gave a dinner at the officers' club, at which the Earl of Athlone proposed the healths of the Shah, the Crown Prince and his bride in terms that were much appreciated by a largely military audience. The Crown Prince replied. Dinner was followed by a reception and the customary display of fireworks.

9. On the morning of the 24th April Lord Athlone, accompanied by Commodore Poland, inspected the military college and watched cadets at gunnery practice. In the afternoon the President of the Majlis gave a tea-party at the Majlis, which was attended by all those taking part in the ceremonies. Tea was

11. It was hardly probable that celebrations of this kind could take place in Tehran without a certain number of casualties among high officials. In fact, the Master of the Household has been dismissed and the Master of Ceremonies to the Court has resigned. I hear also that the Mayor of Tehran has been dismissed owing to failure in the supply of electric current, while a high police official is said to have been imprisoned for some reason unknown. The Minister for Foreign Affairs and the Chief of the Protocol have found their positions rather shaky at various moments, but still survive at the time of writing this despatch, and some at least of those who have been dismissed may, it is thought, be reinstated.

12. I am sending copies of this despatch to His Majesty's representatives at Cairo, Bagdad and Angora, to the Senior Naval Officer in the Persian Gulf, to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Consuls at Kermanshah and Shiraz.

I have, &c.

H. J. SEYMOUR.

[E 3759/216/34]

No. 27.

Mr. Seymour to Viscount Halifax.—(Received May 23.)

(No. 165. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 9 for the period ending the 6th May, 1939, compiled by the military attaché to this legation.

Tehran, May 11, 1939.

Enclosure in No. 27.

(Secret.)

Intelligence Summary No. 9 for the Period ending May 6, 1939.

1. The Shah.

ON the 27th April His Imperial Majesty the Shah formally opened the Fifth Annual Exhibition of Iranian trade goods in Tehran. The Shah visited every stall and asked many questions about the exhibits. He exhorted exhibitors to still further better their wares with a view to possible exportation.

On the 3rd May the Shah left by Royal train for a tour in Mazandaran Province.

2. The Crown Prince and Royal Family.

(i) His Imperial Highness the Crown Prince and Her Imperial Highness the Crown Princess, accompanied by Her Royal Highness Queen Nazli and the young Egyptian Princesses, left Tehran on the 29th April by car for a holiday in Mazandaran and Gilan. They returned to Tehran on the 4th May.

(ii) Prince Shahpur Ali Reza Pahlavi met with a serious motor accident in Tehran on the 5th May.

3. The Marriage Ceremonies.

(i) Her Royal Highness Queen Nazli and the Egyptian Princesses left Tehran for Bandar Shahpur on the 6th May, where they will embark on the steamship *Mohamed Ali-el-Kebir* and return to Egypt by sea.

(ii) All foreign naval and military detachments as well as most of the special delegations have now left Iran.

(iii) The Earl of Athlone, K.G., and Her Royal Highness Princess Alice Countess of Athlone, after visiting the Caspian seaboard by motor car, proceeded to Persepolis by air (Valentia), landing at Isfahan *en route*. They returned to Tehran by road and left on the 6th May for Kermanshah, where they will be flown to Bagdad in Royal Air Force machines.

(iv) Notes on the marriage celebrations are annexed as an appendix to this intelligence summary.

4. Iranian Officials.

(i) Sarhang (Colonel) Rahsar Sarlari, formerly director of the Secret Police, has been appointed general manager of the Iranian State Railways.

(ii) Husain Samiyi (Abid-us-Saltaneh) (Military Attaché's Personalities, No. 254, Foreign Office Personalities, No. 181), who was appointed Grand Master of Ceremonies at the Court in 1934, has been dismissed.

(iii) Husein Quli Qaragozlu (Amir Nizam) (Foreign Office Personalities, No. 147), who was appointed Grand Master of Court Ceremonies (Foreign) in 1938, has been dismissed.

5. The Iranian Army.

It is reported from a reliable Czech source that the Iranian army authorities are carrying out trials with a new type of armoured vehicle called the "R.V." built by the Czecho-Moravska Company. Details of this vehicle are lacking, but it is reported as having a cross-country speed of 70 kilom. per hour. Twenty of this type of car have been ordered and will be delivered within the next two or three months.

6. French Interests.

Reference Intelligence Summary No. 7 (current), paragraph 7. After three months' imprisonment M. Mathis has been released. It is reported that General Weygand during his audience with His Imperial Majesty the Shah asked for his pardon. M. Mathis states that he was well treated in prison and has no complaint to make against the Iranian authorities. He expects to return to France shortly.

7. German Interests.

Dr. Franz F. Schmidt-Dumont, German press attaché, gave a luncheon party on the 27th April to representatives of the Iranian press and to foreign journalists and press photographers present in Tehran for the wedding celebrations. It is interesting to note that the German press was represented by five prominent newspapers and news agencies.

8. The Saadabad Pact.

On the 28th and 29th April representatives of the four signatory Powers met in Tehran under the chairmanship of Mr. Alam, Iranian Minister for Foreign Affairs, for the third general meeting. A communiqué was issued after the meetings, which stated that, among other subjects, the present international situation had been fully examined and that there was unanimity of view among the delegations. The next meeting will take place at Kabul. The chief representatives were as follows:—

Iran—

Mr. Muzaffar Alam: Iranian Minister for Foreign Affairs.
Mr. Bagher Kazemi: Iranian Ambassador at Kabul.
Dr. Javad Ameri: Under-Secretary of State for Foreign Affairs.

Turkey—

M. Rana Tarhan: Minister of Customs and Monopolies.
M. Enis Akaygan: Turkish Ambassador at Tehran.

Afghanistan—

Sirdar Ali Mohammad Khan: Minister for Foreign Affairs.
M. Mohammad Noruz Khan: Afghan Ambassador at Tehran.

Iraq—

Rashid Khodja: Acting Minister for Foreign Affairs.

9. Turkish Interests.

The seven "Vultee" aircraft of the Turkish air force which had participated at the Royal wedding celebrations met with disaster after leaving Tehran on the 28th April on their homeward journey.

The return flight to Turkey had been delayed since the 26th April on account of adverse weather reports. Despite advice to the contrary, which the Iranian air force state they gave, the Turkish aircraft took off.

In the vicinity of Tabriz they met a violent storm with thick mist. One of the machines managed to reach Diarbekr (Turkey). One made a forced landing

at Namin (degree sheet No. 8 B, square B 3), and two other machines at Tabriz. One machine returned to Tehran and the remaining two crashed at Kangarlow and Meskhin (Khiav) (degree sheet No. 1 N, square C 3). The pilots of both these machines were killed, the remaining occupants being injured.

There are no regular weather reports or meteorological stations or staffs in Iran.

10. *The Anglo-Iranian Oil Company.*

Within the past week the Iranian press have commenced a strong campaign against the Anglo-Iranian Oil Company, accusing them of a breach of contract by curtailing production to the detriment of national economy. They also insinuate that the Anglo-Iranian Oil Company were responsible by underhand means for the Amiranian Oil Company surrendering its rich concessions in East Iran. It is suggested that unless the company increase production at once a denunciation of the company's contract should be made. The press campaign continues. There is no doubt that these articles are officially inspired. For some time past it had been known that foreign currency is most urgently required both on account of the Egyptian marriage, increased expenditure on armaments, railway extensions and other ambitious commercial enterprises.

It is quite true that the Anglo-Iranian Oil Company have slowed down their expansion programme. The new pipe-line from Gach Saran to Abadan which was to have been completed in 1940 is now scheduled for 1942. On the other hand, the company are negotiating for a site near Bandar Mashur (degree sheet No. 10 F, square A 2), *vide* Intelligence Summary No. 3 (current), paragraph 5, for a new refinery, &c. It is quite useless pointing out to the Iranians that output has to be curtailed temporarily owing to a decrease in world demand; the boom caused by many countries laying in large reserves of oil against a war having apparently slackened.

11. *British Officers.*

Lieutenant G. D. Phillips, 3rd Battalion the Baluch Regiment (Q.M.O.), arrived in Tehran on the 4th May from India.

12. *Taking of Cinematograph Pictures and Photographs, &c.*

Regulations concerning the taking of cinematograph pictures and photographs, painting and sketching are annexed as appendix II⁽¹⁾ to this intelligence summary.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, May 6, 1939.

Appendix.

Notes on the Marriage Celebrations.

(Reference: Appendix "A" to Intelligence Summary No. 2 of 1939.)

THE programme published in the above-quoted intelligence summary was carried out without change. No useful comment can be made on the dinners and soirées, except that owing to inexperience and incompetence in placing the guests the dinners were always late. Added to which was the painfully slow service (Iranians do not make good waiters). The result of these late starts was that guests invited to a soirée commencing at 10 p.m. had invariably to stand about from one and a half to one and three-quarter hours without music or entertainment before the dinner guests arrived.

When the Royal party entered the guest-chambers they passed in procession between rows of guests without a word of greeting or friendly gesture, with the possible exception of Queen Nazli and the Crown Princess Fowzieh.

On the final night of the celebrations (25th April) the Crown Prince and Princess left the Gulistan Palace shortly after midnight and drove through the crowded streets in a floral decorated car to the Marble Palace, the gift of the Shah to the Royal couple. The streets were lined with the troops of the Tehran Garrison, who had also paraded for the Royal Review that afternoon, which alone lasted nearly eight hours.

⁽¹⁾ Not printed.

General.

1. The procession of the Crown Prince and Princess from the station to the Gulistan Palace was remarkable for two things: firstly, that open cars were used and, secondly, that the streets were not lined with troops, only one policeman being posted every twenty yards on both sides of the route. The cavalry escort rode at the trot about 100 yards in front of the leading car (that of the Shah). Thus there was no guard whatsoever for the Royal party, who were defenceless against a sudden attack.

On the final evening of the celebrations the streets were lined by the whole of the Tehran Garrison. Owing to an unfortunate misunderstanding the order to close was given before the Shah's car had actually passed, the result was that the crowd swarmed into the streets and the Royal car had considerable difficulty in getting through. The Shah himself, however, stood up in his car and gave orders in no uncertain voice. The situation was restored immediately.

2. It is reliably reported that Her Royal Highness Queen Nazli and the Egyptians are very dissatisfied with the arrangements made for their comfort and with Iran and the Iranians. Unfortunately, they have been too outspoken on this subject. It is rumoured that Queen Nazli and the young Princesses will shortly return to Egypt instead of remaining in Iran the whole summer as originally planned.

3. Her Royal Highness Princess Alice Countess of Athlone and the Earl of Athlone, K.G., and His Royal Highness the Duc de Spoleto impressed all by their friendly, sympathetic and gracious attitude. General Weygand, too, was an outstanding figure, looking every inch a soldier in spite of his 72 years of age.

The large German and Italian delegations were conspicuous by their variety of uniforms. It was noted that they fraternised considerably. Hitherto neither the German nor Italian missions in Tehran have ever displayed a great liking for one another.

4. The Iranian officers of the Officers' Training College are loud in their praises of the discipline and friendliness of the Royal Naval and Royal Air Force detachments. The visit of the British detachment has undoubtedly created an excellent impression.

5. His Imperial Highness the Crown Prince wore the same type of uniform at all entertainments. His general air of aloofness, solemnity and dignity did not contribute much to his popularity. On the other hand, Her Imperial Highness the Crown Princess Fowzieh made an excellent impression by her charm and good looks.

April 25, 1939: The Royal Review.

This special military review was held on the grounds of the Jalalieh Race-Course. The small diplomatic stand and enclosure was grossly overcrowded as no provision had been made for extra or reserved seats for the members of the special foreign delegations, many having to stand for over six hours.

The three large public stands were filled with specially invited guests, but were not overcrowded. The general public was kept back by the police at a considerable distance on the edges of the area and consequently could see very little.

His Imperial Majesty the Shah and His Imperial Highness the Crown Prince arrived late. Both mounted and rode round the front ranks of the foreign naval and military detachments and the Tehran Garrison. On their return to the Royal Pavilion a display of trick horsemanship was given by 100 men of the 3rd (Hamleh) Regiment of Cavalry. Then followed a drive at the canter by a Horse Artillery Regiment. The 2nd (Fateh) Regiment of Cavalry then advanced in mass and halted in front of the Royal Pavilion. The Regimental Commandant dismounted and carrying a new colour advanced to the Royal Pavilion, where he was signalled by the Shah to proceed to the Royal Ladies' Tent to the left of the pavilion. There Her Imperial Highness Princess Fowzieh affixed her personal emblem to the colour and returned it to the regiment, which now bears her name.

It was a great pity that this event was not carried out in full view of the general public or even the regiment itself. As a ceremony the whole affair was without interest.

After this the Iranian air force flew past in the following order: The visiting Japanese and Italian aircraft headed by a "Fury" machine of the Iranian air

force. Seven "Vultee" aircraft of the Turkish air force. Seventy-seven aeroplanes of the Iranian air force in flights of seven. To finish, a flight of "Fury" aircraft gave an exhibition of aerobatics, which mainly consisted of loops in line ahead and rolls.

The march past of the foreign naval and military detachments then commenced in the following order:—

Egyptians.
French.
British.
Turks.
Soviet.

A detachment of the Egyptian Household Cavalry headed by their band on foot. The Egyptian infantry in thick khaki in column of route. Their drill was indifferent, although the men were a tall, soldierly-looking lot. The Turks, in grey uniform with French pattern steel helmets headed by their band, marched past in line with their rifles at the sling position. They appeared a sturdy, tough, compact body of men. The French naval detachment in fours. The British naval detachment in line headed by their Royal Marine band. The step was somewhat slow, but the drill and alignment perfect. Last was a small body of Soviet sailors dressed in white uniform, carrying their rifles at the "On Guard" position. They were all young men of good physique. Next to the British detachment they were very smart indeed.

After passing the saluting base the foreign detachments wheeled and remained standing, at ease, throughout the remainder of the afternoon (four and a half hours), facing the advancing troops of the Tehran Garrison. Originally it had been intended that the foreign detachments should form up again facing the Royal Pavilion and stand at "attention" during the march past of the Tehran Garrison. With one accord the officers commanding detachments refused to do this and insisted on returning to barracks after marching past. A compromise on the above lines was, however, arranged at the eleventh hour. The Tehran Garrison then marched past exactly as was done on the 22nd February, already reported. The lines and marching were even better than before. Altogether about 28,000 troops were on parade.

Iranian Officers' Club.

Accommodation and meals for all naval and military officers of the foreign detachments were arranged at the Officers' Club, with the exception of the Japanese, Italians and Germans, who were accommodated in their respective legations. The Officers' Club is a magnificent modern building, four stories high, situated in the centre of Tehran. It is fully furnished and is equipped with lifts and modern plumbing. There are several large dining-rooms, a large cocktail bar, a Royal suite reserved for the Shah and Crown Prince and suites of rooms for about thirty living-in officers. Outside there is a well-laid-out floral garden with four hard tennis-courts. Two villas to the right and left of the main entrance gate are in the course of construction as annexes. It is considered extremely doubtful whether Iranian officers will use this club regularly, if at all. No foreign military attachés have as yet been invited to become honorary members.

The following British naval and air force officers were accommodated in the club:—

Commodore A. Poland, R.N.
Paymaster-Commander A. W. Laybourne, R.N.
Lieutenant-Commander F. R. W. Parish, R.N.
Lieutenant-Commander M. G. Goodenough, R.N.
Lieutenant D. F. Townsend, R.N.
Surgeon-Lieutenant R. T. May.
Wing Commander J. W. F. Merer, R.A.F.
Squadron-Leader J. G. Elton, R.A.F.
Pilot-Officer B. N. Wigginton, R.A.F.
Pilot-Officer Garrard-Cole, R.A.F.
Pilot-Officer Barnard, R.A.F.

English-speaking Iranian officers were detailed to look after the British guests. So well did they carry out their instructions that they often caused embarrassment as every movement of their guests was followed or questioned. The British officers, although loud in their praise of all that was done for their comfort, had an uncomfortable feeling of being kept under surveillance during the whole of their stay.

April 23, 1939: Youth Display.

An exhibition of gymnastics and mass physical training, fencing, football, singing, &c., was given at the Amjadih Stadium by the boy scouts and girl guides' organisations of the capital. The whole programme was well arranged and stage-managed. As each foreign delegation entered the stadium they were greeted with hand clapping and cheers by the youth seated in the stands. The German and Italian delegations, dressed in a variety of uniforms, were delighted with their reception and returned the greeting with uplifted hands. The French delegation took little notice. General Weygand saluted, and after greeting the German delegation in the front rows, proceeded to his seat. The British delegation arrived independently.

From the foreign spectators' point of view, the most interesting events were: Firstly, the feats of strength and physical training done by about forty members of the different and ancient strong men's guilds of the city. These exercises were carried out to the accompaniment of verses sung from Ferdousi, &c. The muscular development (arms and chest) of some of the strong men was extraordinary. Secondly, the display of mass drill and plastique gymnastics performed by girl guides, who gave a very creditable display indeed.

Their Imperial Highnesses the Crown Prince and Princess, accompanied by Her Royal Highness Queen Nazli, and the younger members of the Royal families were all present. Despite the loyal demonstrations made in his honour and that of the Crown Princess, the Crown Prince did very little in acknowledgement. Princess Fowzieh, however, before leaving, came forward to the edge of the Royal box and waved her hand to the crowds.

April 24, 1939: Visit of Earl of Athlone to Officers' Training College.

By special permission of the Shah, Major-General the Earl of Athlone, K.G., accompanied by the British Minister, Captain Hawkins, R.N., and the British Military Attaché, visited the Officers' Training College (Daneshkheda-i-Afsari). Sarlashgar (Major-General) Murteza Yazdan Panah, the Commandant, and Sarhang (Colonel) Arfa, Chief of Staff, conducted the party round. Cadets were first seen at physical training. A visit was then paid to the large amphitheatre-lecture hall, where a lecture was being given by an officer (major) on the use of 75-mm. gun in the Great War. The lecture was delivered in a very rapid monotonous voice. None of the students were taking any notes, nor were pencils or copy-books even visible. All cadets were seated rigidly, but this may have been due to the presence of so many senior officers.

Artillery cadets were being taught to direct artillery fire, using a modified "Baranoff" apparatus. A young captain, Rahimi, trained in France, was in charge. The lecture hall in which these instruments are installed is well equipped. Landscape-targets were all copied from French maps.

A visit was then made to the barracks occupied by the Royal Naval detachment, where Lord Athlone inspected the dormitories and canteen. He also visited the French naval detachment and spoke to some of the ratings. Before leaving Lord Athlone insisted on inspecting the kitchens, to the surprise of the Iranian officers. Not only did he taste the food himself, but saw that his staff did so too.

On leaving, General Weygand and his staff were met arriving for an inspection of the French naval detachment.

April 26, 1939: Reception at British Legation.

Their Imperial Highnesses the Crown Prince and Princess Fowzieh accepted the invitation of the Earl of Athlone, K.G., and Her Royal Highness Princess Alice Countess of Athlone, to a morning reception at the British Legation. The younger Egyptian Princesses and all members of the foreign delegations were also present. A Royal Naval guard of honour, with band, was mounted at the main entrance.

The Crown Prince and Princess arrived forty-five minutes late in a Bugatti two-seater sports-model driven by the former. The Crown Prince was still attired in the same type of uniform that he has continuously worn since he left for Egypt. After inspecting the guard of honour, the Crown Prince sat down in the private gardens of the British Minister and talked mostly with Lord Athlone and the Duke of Spoleto for about an hour. This is the first occasion on which His Imperial Highness has ever visited the British Legation. It was noted that all Iranian Ministers and other officials invited also received the Crown Prince and Princess at the main entrance and escorted them into the garden, although they, too, were only guests.

[E 3760/124/34]

No. 28.

Mr. Seymour to Viscount Halifax.—(Received May 23.)

(No. 166 E.)

My Lord,

Tehran, May 11, 1939.

WITH reference to Mr. Butler's despatch No. 174 E. of the 2nd May, 1938, I have the honour to transmit to you, under separate cover, three copies of the *Tableau général*(¹) issued by the Iranian Customs for the economic year from the 22nd June, 1937, to the 21st June, 1938. A memorandum by the commercial secretary on the foreign trade of Iran during the period is enclosed.

2. Imports show a considerable increase, but exports, excluding oil, show a decline as compared with the previous year. As usual, a substantial favourable trade balance is shown if exports of the Anglo-Iranian Oil Company are included, but an adverse balance of about £3,712,500 is shown with regard to "commercial" imports and exports, as compared with the adverse balance of £2,341,438 in 1937.

3. About 57 per cent. of the "commercial" imports and about 65 per cent. of "commercial" exports represent trade with the U.S.S.R. and Germany.

4. Imports from the United Kingdom, exclusive of duty-free imports, show an increase over the previous year's figures, principally due to shipments of gold. Imports from India show a decline owing to a considerable drop in tea imports.

5. Imports of the Anglo-Iranian Oil Company, duty-free, amounted to about £4,498,100, of which £4,133,950 was from the United Kingdom.

6. Exports of the company's oil, valued at about £23,319,300, show an increase of nearly £4 million.

7. I am sending copies of this despatch to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department, to the Governor of Burma, to His Majesty's Chargé d'Affaires at Bagdad, and to His Majesty's Consul-General at Bushire.

I have, &c.

H. J. SEYMOUR.

Enclosure in No. 28.

Memorandum on Iran's Foreign Trade in the Year March 21, 1937, to March 20, 1938.

FIGURES taken from the *Tableau général* of the Customs Administration show the general position of imports and exports as follows, with comparative figures for the previous year:—

	1936-37. 1,000 rials.	1937-38. 1,000 rials.
Commercial imports ...	865,949 (£10,757,129)	970,012 (£12,049,840)
Duty-free imports ...	207,468 (£2,577,245)	424,866 (£5,277,848)
Total imports ...	1,073,417 (£13,334,374)	1,394,878 (£17,327,688)

⁽¹⁾ Not printed.

	1936-37. 1,000 rials.	1937-38. 1,000 rials.
Commercial exports ...	677,463 (£8,415,691)	671,151 (£8,337,287)
Oil exports ...	1,557,926 (£19,353,122)	1,877,202 (£23,319,285)
Fisheries exports ...	11,575 (£143,783)	11,527 (£143,194)
Total exports ...	2,246,964 (£27,912,596)	2,559,881 (£31,799,766)
Excess of exports over imports	1,173,547 (£14,578,222)	1,165,002 (£14,472,079)

The adverse balance of "commercial" imports and exports in 1938 was 298,860,473 rials (£3,712,552), as compared with an adverse balance of 188,485,750 rials (£2,341,438) in 1937.

Rate of conversion for both years was 80·50 rials to £.

Imports.

"Commercial" imports from the U.S.S.R. in 1937-38 are valued at 315,435,824 rials (£3,918,457), or 32·5 per cent. of the total of such imports; Germany, with 247,194,475 rials (£3,070,739), supplied 24·4 per cent. These two countries therefore furnished about 57 per cent. of the total commercial imports. Principal Soviet imports were: cotton piece-goods, 112,806,742 rials; sugar, 81,471,890 rials; and metals and hardware, 47,175,460 rials. Duty-free imports amounted to 4,119,700 rials, or about £51,176, the bulk being for requirements of the Caspian Sea Fisheries. Imports from Germany included metals and hardware, 68,106,020 rials; machinery, 59,294,410 rials; woollens and mixtures, 25,739,060 rials. Duty-free imports amounted to 52,115,120 rials (£647,400), consisting chiefly of machinery and iron and steel hardware.

The United States of America imports amounted to 83,048,340 rials (£1,031,656), the motor business accounting for the bulk as follows: 1,320 lorries, valued at 37,223,355 rials; 387 cars, 5,834,260 rials; and tyres and tubes, 20,784,490 rials. Duty-free imports totalled 21,760,740 rials (£270,320), the bulk representing automobiles and heavy metal ware for the Anglo-Iranian Oil Company (Limited).

Commercial imports from the United Kingdom amounted to 79,397,868 rials (£986,309), including gold bars of a value of 12,280,285 rials. This shows an increase over the previous year's imports (65,879,920 rials, or £818,385) even after deduction of the bar gold. Apart from the gold, the principal imports were: cotton piece-goods, 28,784,220 rials; machinery, 6,664,640 rials; woollens and mixtures, 4,461,500 rials; metals and hardware, 4,204,700 rials; tyres and tubes, 4,141,000 rials. Duty-free imports by the Anglo-Iranian Oil Company, amounting to 362,098,600 rials (£4,498,120), included 332,783,000 rials (£4,133,950) from the United Kingdom. Commercial and duty-free imports from the United Kingdom total 412,181,000 rials (£5,120,200) and represent 29·5 per cent. of the total imports, compared with the U.S.S.R.'s 22·9 per cent. and Germany's 21·5 per cent.

Due to a large drop in imports of tea India's commercial imports at 74,215,172 rials (£921,927) show a decline of 15,330,000 rials. Cotton piece-goods, however, show an increase from 6·9 million rials to 11·6 million rials. Duty-free imports amounted to 3,587,000 rials, practically all for the Anglo-Iranian Oil Company.

Japanese imports at 32,157,500 rials are about 1·5 million rials less than in the previous year. An increase in the case of cotton piece-goods is offset by losses principally in cement and tea.

Tables showing the value of commercial imports from the principal exporting countries are attached.

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Exports.

(A) *Mineral Oils.*—The value of oil exports of the Anglo-Iranian Oil Company increased from 1,557,926,370 rials (£19,353,123) to 1,877,202,430 rials (£23,319,285). The principal countries of destination were:—

	<i>Approx. Tons.</i>	<i>Rials.</i>
United Kingdom ...	2,725,977	624,593,160
Union of South Africa ...	784,888	207,448,460
Egypt ...	875,407	161,367,870
Aden ...	913,168	137,462,170
India ...	728,901	132,437,630
Italy ...	570,597	93,704,030
Ceylon ...	576,897	87,090,780
(Germany ...)	106,187	19,766,770)

(B) *Other Exports.*—Exports to the U.S.S.R., including Caspian Fisheries exports, amounted to 246,525,900 rials (£3,062,435), which represented 36·1 per cent. of the total exports, exclusive of Anglo-Iranian oil shipments, as compared with slightly over 40 per cent. in the previous year. Germany's share of exports in 1938 being 29·1 per cent., these two countries took just over 65 per cent. of the exports. The principal exports to the U.S.S.R. were cotton, 78·9 million rials; lambskins, 36·1 million rials; rice, 25·3 million rials; almonds, 15·6 million rials; gums, 15·5 million rials and wool, 13·3 million rials. Germany took wool and goat's hair, 52·7 million rials; casings, 32·8 million rials; hides and skins, 26·6 million rials; carpets, 20·1 million rials; gums, 14·3 million rials, cereals, cotton, dried fruit and opium.

Exports to the United States amounted to 55,148,584 rials, the bulk of which represented carpets. United Kingdom figures fell from 60·3 million rials to 41·9 million rials, which included 20·3 million rials of carpets, as compared with 34·8 million rials last year. Exports to India improved slightly from 28·1 million rials to 31·4 million rials. Exports of opium valued at 24·5 million rials just about doubled the exports to Japan.

The following table shows the figures of the principal exports in the last two years (the 22nd June, 1936, to the 21st June, 1938):—

	<i>June 22, 1936– June 21, 1937.</i>	<i>June 22, 1937– June 21, 1938.</i>
	<i>(In million rials.)</i>	
Carpets ...	148·8	103·4
Dried fruits ...	99·0	88·0
Raw cotton ...	86·7	87·4
Hides and skins ...	67·0	75·0
Gum tragacanth ...	41·7	48·9
Raw wool, goat's hair, &c. ...	41·2	26·5
Casings ...	29·0	41·7
Rice ...	28·5	25·4
Opium ...	26·0	48·1
Carded wool ...	23·1	39·8
Wheat ...	19·4	17·5

Annex to Enclosure.

Imports from Principal Importing Countries.

(Exclusive of non-dutiable goods.)

	<i>1936–37. 1,000 rials.</i>	<i>1937–38. 1,000 rials.</i>
I. Total imports from—		
U.S.S.R. ...	277,858	315,435
Germany ...	190,412	247,194
United States ...	81,455	83,048
India ...	89,546	74,215
United Kingdom ...	65,880	79,398 ⁽¹⁾
Japan ...	33,615	32,157
II. Imports of cotton piece-goods—		
Total ...	127,821	182,990
U.S.S.R. ...	82,535	112,807
United Kingdom ...	18,892	28,784
Japan ...	13,546	22,088
India ...	6,926	11,617
Germany ...	1,856	5,529
III. Imports of woollens—		
Total ...	30,498	39,889
Germany ...	14,547	25,739
United Kingdom ...	5,908	4,461
Belgium ...	3,268	4,585
France ...	1,531	758
Japan ...	2,787	2,547
IV. Imports of machinery—		
Total ...	66,310	93,910
Germany ...	42,697	59,294
United Kingdom ...	6,072	6,645
U.S.S.R. ...	3,426	13,190
Czecho-Slovakia ...	2,142	7,310
France ...	2,080	436
V. Railway rolling-stock—		
	<i>1936–37. No. 1,000 rials.</i>	<i>1937–38. No. 1,000 rials.</i>
Locomotives—		
Austria ...	...	5 2,221
U.S.S.R. ...	...	2 1,386
Germany ...	1 48	1 60
Sweden ...	12 11,629	...
United Kingdom ...	4 4,400	...
Holland ...	1 141	...
Wagons—		
U.S.S.R. ...	20 521	80 2,459
Denmark ...	...	45 95
Germany ...	81 91	37 101
United Kingdom ...	68 374	14 626
Sweden ...	203 7,150	4 74
Others ...	1 1	6 275
Coaches—		
Sweden ...	5 2,593	2 2,262
Denmark ...	2 953	...
Germany ...	...	2 2,339

⁽¹⁾ Includes 12,280,285 rials (£152,550) of gold bars.

	1936-37.		1937-38.	
	No.	1,000 rials.	No.	1,000 rials.
VI. Motor lorries and buses—				
United States ...	1,632	34,050	1,325	37,376
U.S.S.R. ...	248	4,618	159	3,126
United Kingdom ...	46	990	14	184
Germany ...	12	735	9	851
Czecho-Slovakia ...	...	...	4	337
	1,938	40,393	1,511	41,874
VII. Motor cars—				
United States ...	1,028	15,535	385	5,815
United Kingdom ...	9	84	8	114
Germany ...	1	9	5	56
Others ...	9	107	2	35
	1,047	15,735	400	6,020
VIII. Motor cycles—				
Germany ...	269	617	298	700
United Kingdom ...	18	75	5	22
United States ...	15	74	19	69
Czecho-Slovakia ...	...	...	2	5
	302	766	324	796
IX. Bicycles and tricycles—				
Germany ...	9,149	2,268	6,159	1,484
United Kingdom ...	4,459	1,464	5,577	1,594
Japan ...	1,438	127	995	42
Sweden ...	5	6	45	37
India ...	97	7	15	4
U.S.S.R. ...	30	8	129	33
	15,178	3,880	12,925	3,194
X. Tea—				
	1,000 kilog.	1,000 rials.	1,000 kilog.	1,000 rials.
India ...	7,015	70,662	4,241	48,362
Java ...	1,566	14,630	1,275	11,897
Japan ...	572	4,662	420	3,106
Ceylon ...	528	5,892	564	6,668
China ...	32	280	33	290
Total, including other countries ...	9,713	96,126	6,534	70,225
XI. Sugar—				
	1936-37.	1,000 rials.	1937-38.	1,000 rials.
U.S.S.R. ...	82,626		81,472	
Egypt ...	852		8	
Belgium ...	776		6,845	
Java ...	154		6	
Holland ...	1		2,284	
United Kingdom ...	135		202	
Total, including other countries ...	84,550		90,946	

[E 4064/216/34]

No. 29.

Mr. Seymour to Viscount Halifax.—(Received June 5.)

(No. 188.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 10 for the period ending the 20th May, 1939, compiled by the military attaché to this legation.

Tehran, May 27, 1939.

Enclosure in No. 29.

(Secret.)

Intelligence Summary No. 10 for the Period ending May 20, 1939.

1. The Shah.

HIS Imperial Majesty the Shah returned to Tehran on the 16th May after his third tour this year in the Mazanderan Province. The Shah thoroughly inspected progress made on all public works, factories and his own private estates.

2. The Crown Prince and Princess and the Imperial Family.

After bidding farewell to Her Royal Highness Queen Nazli, the young Egyptian princesses and the Egyptian delegation in Tehran on the 6th May, their Imperial Highnesses again returned to Mazanderan and Gilan to continue their holiday. All the principal towns were visited. At Bandar Pahlavi their Imperial Highnesses embarked on the Royal yacht *Shahsavar* and cruised along the Caspian shore to the port of Nau Shahr (degree sheet No. 8 P, square C 2), where they disembarked and joined His Imperial Majesty the Shah. Meanwhile, the Queen and the Iranian princesses, forming a third and independent Royal party, were also touring in Gilan.

Their Imperial Highnesses continued their tour into Mazanderan Province, visiting Amul, Shahi, Sari, Behshahr, &c., returning to the capital via Firuzkuh road on the 16th May. A special visit was made to the hotel at Ab Ali (degree sheet No. 9 M, square D 1), which is noted for its mineral water springs. It is understood that this locality is to be developed.

3. The Majlis.

The Minister of the Interior, Mr. Ali Ashgar Hikmat (Military Attaché's Personalities, No. 111; Foreign Office Personalities, No. 99), has introduced a Bill into the Majlis amending and detailing the procedure to be adopted in the case of a new census. One of the articles lays down that on census day all persons will be compelled to remain in their houses for twenty-four hours.

4. The Trans-Iranian Railway.

(i) Lot No. 1 of the Qum-Yezd branch line of the Trans-Iranian Railway has now been completed except for the bridge over the Qum Rud at Qum. The laying of the rails has already begun.

(ii) Tenders have recently been invited for a further six locomotives.

(iii) Nineteen foreign engineers, the majority of Swiss nationality, have recently been engaged by the Iranian Government for railway construction work. No Germans have been engaged.

(iv) The bi-weekly passenger services on the northern and southern section of the Trans-Iranian Railway are entirely insufficient for the volume of traffic. The number of passenger trains is to be increased.

5. Aerodromes.

(i) A consular report from Shiraz states that the Shiraz aerodrome has now been put into a serviceable condition. The surface is reported as being excellent.

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boundaries clearly marked and the air sleeve renewed. The road leading from the town to the aerodrome has also been repaired.

(ii) The emergency landing grounds at Qum and Dilijan have been repaired and re-marked.

6. Japanese Interests.

Reference Intelligence Summary No. 8 (current), paragraph 4. Mr. Sanjir Tsuroka, representative of the Japanese Foreign Office at the wedding celebrations of His Imperial Highness the Crown Prince, visited Kabul by air, returning to Tehran on the 11th May.

The Japanese aeroplane *Soyokazi* left Tehran on the 14th May for Japan via Bagdad. The Japanese Foreign Office representative was the only passenger travelling besides the crew, the remainder of the delegation having departed for Europe.

It is interesting to note that the Japanese delegation were about the first to arrive for the celebrations and the last to leave. There is a strong rumour that they have obtained certain flying concessions over Iranian territory.

7. The Anglo-Iranian Oil Company.

Reference Intelligence Summary No. 9 (current), paragraph 10. The press campaign against the Anglo-Iranian Oil Company has ceased as suddenly as it had begun.

Negotiations for the proposed concessional area (*vide* Intelligence Summary No. 3 (current), paragraph 5) are for the time being at a standstill. Popular feeling in the country is against the company.

8. The Iranian Air Force.

(i) It is reliably reported that the Iranian air force is to be reorganised into regiments of three squadrons each as follows:—

- 1st Regiment: Qila Murgha.
- 2nd Regiment: Tabriz.
- 3rd Regiment: Meshed.
- 4th Regiment: Ahwaz.
- 5th Regiment (cadre): Doshantappeh.
- Flying school: Mehrabad.

(ii) On the 17th May a "Hind" machine, landing indifferently, smashed its wings and undercarriage. The court of enquiry, which was presided over by the acting Minister of War, three generals, one test pilot and Mr. Knight, technical adviser, tried to blame the accident on the wrong assembling of a retaining bolt held by a split pin under the fuselage. Mr. Knight refused to agree and the court adjourned.

9. Turkish Interests.

Reference Intelligence Summary No. 9 (current), paragraph 9. Further details are now available of the unfortunate accident to the Turkish air squadron of "Vultees" returning to Turkey on the 28th April.

The Turkish authorities admit that it was an error of judgment on the part of the officer commanding the squadron to have started from Tehran on the day in question. Meteorological reports from both Tabriz and Diarbekr stated that there was thick mist near Tabriz. In the two machines that crashed two mechanics were killed, the pilots and assistant pilots managing to jump clear, using their American-make parachutes.

The mechanics were seated in the rear of the machines and presumably could not force open the side doors because of the air pressure. The interment of the two mechanics took place in the Turkish air force cemetery at Karakoshe, Turkey.

10. Education.

Six new primary schools are to be built in Tehran in the near future to cater for the needs of the growing population.

11. German Interests.

Consular reports from Meshed and Zahidan state that several German nationals have visited Zahidan and Chahbar recently. They are also reported to have made enquiries about the North-Western Railway line and the number of British subjects in Zahidan, &c.

12. Broadcasting.

Reference Intelligence Summary No. 3 (current), paragraph 6. At a recent meeting of the Broadcasting Sub-Committee of the General Council for the Enlightenment of Public Opinion, Mr. Bader, Minister of Finance (Military Attaché's Personalities, No. 51, Foreign Office Personalities, No. 40) stated that three broadcasting stations were under construction in Tehran as under.

- (i) Medium-wave (335 metres) station, strength 2 kilowatts. This station would broadcast to Tehran and neighbourhood.
- (ii) Short-wave (48 and 62 metres) station, strength 2 kilowatts. This station would be used for broadcasting to the whole country.
- (iii) Short-wave (19.30 and 48 metres) station, strength 20 kilowatts. This station was to be used for distant parts of Iran and foreign countries.

In addition, there were under construction twelve medium-wave 100-kilowatt transmitters in specified towns throughout Iran. Although the two short-wave stations were sufficient for the country, the committee intended erecting another medium-wave station—strength 2 kilowatts—and 12 medium-wave transmitters in the provinces.

Programmes would be simultaneously broadcast from the three Tehran stations. In the twelve towns with receiving stations the programmes would be rebroadcast on medium wave. Programmes will be carefully selected, and will in the main consist of news, music, talks on agriculture, hygiene, history and geography of Iran.

The Tehran studio is nearing completion and is fully up to date.

13. Bulgarian Interests.

The Bulgarian Government have opened a legation in Tehran. M. Dimitre M. Daphinoff has been appointed the first Chargé d'Affaires.

A number of Bulgarian subjects are employed on railway construction work who have been experiencing certain difficulties with regard to remitting their wages home, &c.

14. British Officers.

Lieutenant J. R. B. Prescott, the Suffolk Regiment, arrived in Tehran from India during the period under review. He is *en route* to Europe.

Lieutenants Khushwakt-ul-Mulk and M. G. Jilani, 4/19th Hyderabad Regiment, arrived in Tehran from India during the period under review. They are touring in Iran and propose returning to India via Afghanistan.

15. Iranian Baluchistan.

(i) Juma Khan Ismailzai recently intended leaving British territory (Nushki) and settling with kinsfolk at Bandar-i-Kamal Khan (degree sheet No. 30 F, square D 3) in Afghanistan. The Afghan frontier authorities have now intimated that this will not be permitted.

(ii) An unconfirmed report states that the Iranian military authorities in Mekran are successfully disarming the Baluchi tribesmen.

16. Standard Time in Iran.

The Imperial Iranian Government have intimated that the official time in Iran is three and a half hours in advance of Greenwich mean time.

17. *Civil Aviation.*

The Deutsche Lufthansa Berlin-Tehran-Kabul passenger service is once again operating regularly to the following summer schedule:—

	01.00 dep.	BERLIN	18.30 arr.	
Friday	11.30 arr.	Athens	09.30 dep.	Thursday.
	12.30 dep.	Athens	08.30 arr.	
	18.00 arr.	Damascus	03.00 dep.	
Saturday	07.00 dep.	Damascus	12.30 arr.	
	12.00 arr.	Bagdad	09.30 dep.	Wednesday.
	13.00 dep.	Bagdad	08.30 arr.	
	17.00 arr.	Tehran	05.30 dep.	
	05.30 dep.	Tehran	13.30 arr.	
Sunday	15.40 arr.	KABUL	05.40 dep.	Tuesday.

Cost of Tickets.

	Single.	Return.
	£	£
London-Berlin-Bagdad	62	111
London-Berlin-Tehran	78	140
London-Berlin-Kabul	115	207

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, May 20, 1939.

[E 4458/38/34]

No. 30.

Mr. Seymour to Viscount Halifax.—(Received June 22.)

(No. 195. Very Confidential.)

My Lord,

Tehran, June 10, 1939.

WITH reference to my telegram No. 71 of the 4th June, I have the honour to send to your Lordship herewith further particulars about Lord Cadman's recent visit to Tehran. Lord Cadman arrived by air on Saturday, 27th May, and left also by air on Monday, 5th June. During his visit he had two conversations with the Shah each lasting about two hours, at which the Crown Prince, as well as M. Bader, the Minister of Finance, were present. The Crown Prince helped substantially to allay a misgiving of Lord Cadman's that the Shah would hear what the interpreter rather than he himself wished to tell him, for the Crown Prince began at an early stage to interrupt and amend M. Bader's translations and before the close had pretty well taken over the work of interpreter. Lord Cadman felt no reason to regret this substitution.

2. As I informed your Lordship in my telegram under reference, Lord Cadman was a good deal more than hopeful that an agreement had been reached on certain points that have been under protracted and inconclusive discussion between the company's representatives here and the Iranian authorities, and further that the suspicions of an unwarranted policy of restricting output which had found violent expression in the inspired press had been demonstrated to be unfounded.

3. *New Concession Area.*—At the beginning of the discussion it was clear that the Shah had been turning over in his mind the possibility that it would pay him better to reduce the Anglo-Iranian Oil Company's area and to grant part of it to an independent concern. Lord Cadman showed that such a step could not have the effect of increasing the market for Iranian oil, and the idea of a complete repudiation of the concession, which would be entailed by such a division of the area, was not pursued. Finally, agreement was reached on the new area to be allotted to the company for development under the terms of the concession as revised in 1933, by Lord Cadman agreeing to exclude all the Mekran coast, a section that the company had asked to have included in the 100,000 square miles to which they are entitled. Lord Cadman recognised that the company's desire to include the whole southern and south-eastern coast of Iran had naturally created some suspicion; nor did he consider it essential that

the whole coastal area should be included. In return for the section omitted M. Bader had offered some other inland areas.

4. *Port dues at Bandar Mashur.*—Before committing itself whole-heartedly to the development of Bandar Mashur—few miles north of Bandar Shahpur in the Khor Musa—as the port to handle the output of the new field at Gach Saran, the company has attached great importance to securing some assurance which would guarantee it against being mulcted by the imposition of port dues in excess of what was reasonably required for the Iranian port services. Lord Cadman fully believes that he has been able to secure a satisfactory settlement of this question.

5. *Output and Markets.*—Lord Cadman went into this matter very fully with His Imperial Majesty. He showed him a chart indicating the rise of world output since 1933 and the company's own output, which registered a steeper percentage rise; he explained that the company were debarred from markets in large parts of the world, including America and Russia, and he referred to stocks having been filled up by many countries in 1937, which had the double effect of making that a bumper year for output and the following year a leaner one, quite apart from the restricting influence on trade of uncertainty in the international situation.

6. Lord Cadman took advantage of this opportunity to refer to the Iraqi Petroleum Company; to the extent to which it still does not compete with the Anglo-Iranian Oil Company; to his own position as chairman; and above all to the sums that that company is feeling able to advance to the Iraqi Government. The Shah seemed entirely to appreciate Lord Cadman's explanations on these points, and I venture to record my own satisfaction that he has forestalled the last point reaching the Shah's ears in some garbled form.

7. I did not refer in my telegram No. 71 to the other matter which Lord Cadman discussed with the Shah, namely, that of providing financial resources for carrying out His Imperial Majesty's present programme of developing his country. Railway, industrial and military plans are all making large demands, and it may be supposed that it was the fall in the royalties from the company in its bearing on these demands that provoked the obstruction and ill-will that the company has been encountering. Lord Cadman put it to His Imperial Majesty that to take more money from the company (or to pillory the company in the press) would seriously prejudice its position and consequently its ability to help him in his development plans, notably as regards Bandar Mashur for which the company must find some 15 million in the course of the next few years. Lord Cadman referred to the possibility, which I understand he had previously discussed with the Export Credits Guarantees Department, of facilitating Iranian imports by means of credits in London, and the Shah seemed to accept the suggestion that the possibilities in this direction might be further explored, perhaps by sending a special representative to London.

8. During his valuable visit of rather more than a week Lord Cadman took a keen and most enterprising interest in various manifestations in and around Tehran of the new industrialised Persia. I feel that my debt to him is by no means confined to the fullness with which he kept me posted as to his business conversations. *Inter alia* I think it is satisfactory that he should have established direct contact with the Crown Prince, and that on matters of serious concern to the future welfare of the country.

I have, &c.

H. J. SEYMOUR.

[E 4459/216/34]

No. 31.

Mr. Seymour to Viscount Halifax.—(Received June 22.)

(No. 197.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 11 for the period ending the 3rd June, 1939, prepared by the military attaché to this legation.

Tehran, June 10, 1939.

Enclosure in No. 31.

(Secret.)

*Intelligence Summary No. 11 for the Period ending June 3, 1939.*1. *The Shah.*

HIS Imperial Majesty the Shah and the Imperial family are now in residence at the summer palace at Saadabad. The Shah has recently carried out surprise visits to the Doshantappeh aircraft factory, machine-gun factory and other public works in the capital.

2. *The Crown Prince and Princess.*

On the 23rd May their Imperial Highnesses visited the Girls' School of Domestic Science. On the 25th May the National Museum, where they were shown round by Professor Godard (French National), Director of Archaeology. On the 26th May, together with other members of the Royal family, they attended the final spring meeting of the Iranian Jockey Club at Jalalieh Race Course.

3. *Iranian Officials.*

Reference Intelligence Summary No. 1 (current), paragraph 11.

(i) On the 27th May His Excellency M. Anushirwan Sipahbudi (Military Attaché's Personalities, No. 282), Iranian Minister in Paris, left Tehran to resume his duties.

(ii) His Excellency M. Mustafa Adl (Mansur-us-Saltaneh) (Military Attaché's Personalities, No. 1; Foreign Office Personalities, No. 4), who was appointed Iranian Minister to Rome in July 1938, officially represented Iran at the 105th meeting of the League of Nations at Geneva on the 22nd May.

4. *Civil Aviation.*

A national flying club, with headquarters in Tehran, has been founded. Articles on this subject have been published in the press for some time past stating that His Imperial Majesty the Shah is very interested and wishes such clubs to be organised. The importance and necessity of flying clubs is stressed for building up a reserve of pilots and training the nation to become air-minded.

The Iranian Ambassador to Turkey has recently been closely inspecting Turkish flying clubs. Gliding, parachute jumping and aerobatics have been demonstrated to him and a flight of aeroplanes piloted by Turkish women pilots under the command of Sabiban Gokcen, adopted daughter of the late Kemal Ataturk, also gave an exhibition of flying. A full report of this has appeared in the Iranian press.

5. *The Majlis.*

Reference Intelligence Summary No. 10 (current), paragraph 3. The Census Amending Bill has passed its second reading. During the debates the Minister of the Interior, M. Ali Asghar Hikmat, stated that it was intended to take a general census of the population at a date still to be fixed. A trial census is to be held in Kashan and district this month before any final decision is made.

Increased efforts are to be made to settle the nomad tribes on the land. A great deal has been done in this connexion, but the task has not yet been completed.

6. *The Anglo-Iranian Oil Company.*

Reference Intelligence Summary No. 10 (current), paragraph 7. Lord Cadman, accompanied by several experts, has arrived in Tehran from London and is engaged in negotiations with the Imperial Iranian Government. It is understood that Lord Cadman has been granted two audiences by His Imperial Majesty the Shah. The greatest secrecy is, however, being maintained.

7. *The Iranian Air Force.*

(i) Mr. Jones, a director of Messrs. Hawkers, paid his long-awaited visit to Tehran from the 26th to 31st May. The results are reported as highly satisfactory. The Doshantappeh aircraft factory is to be enlarged under the supervision of Messrs. Hawkers. A number of "Hurricane" fighters and "Hampden" or "Blenheim" bombers are to be purchased. His Imperial Majesty the Shah is reported to have said that he was very satisfied with the

British aircraft which had been supplied to the Iranian air force, and that he would buy no other.

(ii) Two "Link" blind-flying training apparatus have been ordered for use at the Mehrabad flying school.

8. *Broadcasting.*

Articles continue to appear in the press on the value of public broadcasts and quotes the U.S.S.R. as an example. It is stated that the Iranian Government are making enquiries about suitable battery receiving sets with loud speakers for use in villages throughout Iran.

9. *The Iranian Army.*

Second-year conscripts of units of the Tehran garrison are now carrying out small arms training (field firing) from camps in the foothills of the Elburz Range north of Tehran.

10. *Communications—Trans-Iranian Railway (Qum—Kashan—Anarek—Yezd Branch).*

Lot No. 3, in the vicinity of Anarek, is nearing completion. The station at Kashan has been completed. It is situated 2 kilom. east of the town. A railway hospital is also being constructed in the vicinity.

11. *The Press.*

(i) The Iranian official press have been roused to fury over the report of a speech delivered to a gathering of doctors in London by Dr. Miss Henriques, a Church Missionary Society doctor from Yezd now on furlough. The speech was reported by the *London Mercury and Courier*, and duly forwarded by a press-cutting agency. It is considered most improbable that Dr. Henriques will be allowed to return to Iran on the expiration of her furlough.

(ii) The Egyptian press are also taken to task for publishing articles criticising Iran and the Iranians. These criticisms appeared shortly after the return to Egypt of Her Royal Highness Queen Nazli and the official delegation to the wedding celebrations.

The Iranian press state that they are greatly surprised and anxious, but must await the arrival of the offending articles before returning to the attack.

An unconfirmed report states that the Shah, enraged by these articles, has dismissed all Egyptian servants from the palace.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, June 3, 1939.

[E 4500/1281/34]

No. 32.

Translation of a Law of November 7, 1937, defining new administrative areas for the whole of the Empire and the duties of officials in those areas (as amended, in respect of Articles 1 and 2, by a further Law published in the Journal de Téhéran of January 10, 1938).—(Enclosure to Tehran despatch No. 17 of January 19, 1938.)

Article 1. The Empire of Iran is divided into ten ustans (divisions) and forty-nine shahristans (departments), as shown in the list and map⁽¹⁾ attached. Each uстан is composed of a number of shahristans, each shahristan of a number of bakhshes (districts), each bakhsh of a number of dehistans (sub-districts), and each dehistan of a number of qasabehs (townships) and dehs (villages).

⁽¹⁾ Persia Print: February 21, 1938, Section 5 (now in "Further Correspondence respecting Persia," Part XLIV, No. 15). The printing of this enclosure has been delayed owing to uncertainty as to further changes in article 2. So far as can be known, however, these administrative arrangements seem likely to remain in force for the time being.

⁽²⁾ Not reproduced.

Article 2. The ustans into which the country is divided, and the shahristans of which they are composed, are in accordance with the following list:—

- I. Ustan No. 1, which comprises the following shahristans:—
(1) Zenjan, (2) Kazvin, (3) Saveh, (4) Sultanabad, (5) Resht, (6) Shahsavar.
- II. Ustan No. 2, which comprises the following shahristans:—
(1) Qum, (2) Kashan, (3) Tehran, (4) Semnan, (5) Sari, (6) Gorgan.
- III. Ustan No. 3, which comprises the following shahristans:—
(1) Tabriz, (2) Ardebil.
- IV. Ustan No. 4, which comprises the following shahristans:—
(1) Khoi, (2) Rezaieh, (3) Mehabad, (4) Maragheh, (5) Bijar.
- V. Ustan No. 5, which comprises the following shahristans:—
(1) Eilan, (2) Shahabad, (3) Kermanshah, (4) Sinneh, (5) Malayer, (6) Hamadan.
- VI. Ustan No. 6, which comprises the following shahristans:—
(1) Khorramabad, (2) Gulpaigan, (3) Ahwaz, (4) Khorramshahr.
- VII. Ustan No. 7, which comprises the following shahristans:—
(1) Behbahan, (2) Shiraz, (3) Bushire, (4) Fasa, (5) Abadeh, (6) Lar.
- VIII. Ustan No. 8, which comprises the following shahristans:—
(1) Kerman, (2) Bam, (3) Bandar Abbas, (4) Kwasht, (5) Zabul.
- IX. Ustan No. 9, which comprises the following shahristans:—
(1) Birjand, (2) Turbat-i-Haidari, (3) Meshed, (4) Quchan, (5) Bujnurd, (6) Gunabad, (7) Sabzawar.
- X. Ustan No. 10, which comprises the following shahristans:—
(1) Isfahan, (2) Yezd.

(NOTE.—The islands off the coast of each shahristan will fall with the administration of that shahristan.)

Article 3. Each ustan is placed under the administration of a Ustandar (Governor-General), who will, within the limits prescribed by this law, issue orders and instructions to the farmandars in the area under his jurisdiction; he will have direct relations with the Ministry of the Interior.

(NOTE.—Ustandars having no fixed seat of government, and being charged with the inspection of all affairs of the shahristans subordinate to them, are responsible for the efficient conduct of their administration.)

Article 4. Shahristans will be administered by farmandars (governors), bakhshes by bakhshdars (district governors), dehistans by dehdars (sub-district governors), and single villages or groups of villages by kadhodas (headmen).

(N.B.—The remaining articles deal in detail with the duties and powers of various officials and are not printed. The covering despatch contains an adequate summary.)

CONFIDENTIAL

(15864)

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Printed for the use of the Foreign Office.

CONFIDENTIAL.

Further Correspondence respecting Persia.

PART XLVII.—JULY-DECEMBER 1939.

No. 1.

[E 4778/180/34]

Mr. Seymour to Viscount Halifax.—(Received July 4.)

(No. 211.)
My Lord.

Tehran, June 24, 1939.

WITH reference to my despatch No. 181 of the 25th May, I have the honour to report that the railway line from Garmsar to Semnan was inaugurated by the President of the Council of Ministers, in the name of the Shah, on the 16th June.

2. Garmsar, formerly known as Qishlaq, is a town about half-way between Tehran and Firuzkuh, on the main Transiranian line to the Caspian, while Semnan lies 113 kilom. to the east, on the main road to Meshed. The new line is acclaimed in the press as the first stretch of the Tehran-Meshed Railway. Its construction took fifteen months, the chief difficulties encountered being excessive heat and shortage of water for the engines, which necessitated the construction of large storage tanks at Garmsar and Semnan.

3. The country over which the line runs is mostly flat desert, and the absence of any serious engineering problems enabled the Ministry of Roads and Communications to undertake the work of construction without having recourse to foreign contractors. The press naturally emphasises the significance of the Government's achievement in this respect, but one of the British engineers employed on the construction of the Transiranian assures me that most of the engineers and technical experts responsible for the new line were, in fact, foreigners who had previously been engaged in the construction of the Transiranian and were now working for the Iranian Government direct instead of working for the foreign contractors employed by the Iranian Government. My informant added that even with this disguised foreign assistance he considered it most unlikely that the Iranian Government would be able to undertake the more difficult parts of the proposed Tehran-Tabriz line without calling in the aid of a first-class firm of constructional engineers.

I have, &c.

H. J. SEYMOUR.

No. 2.

[E 4779/216/34]

Mr. Seymour to Viscount Halifax.—(Received July 4.)

(No. 213. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 12 for the period ending the 17th June compiled by the military attaché to this legation.

Tehran, June 24, 1939.

[20804]

Enclosure in No. 2.

(Secret.)

*Intelligence Summary No. 12 for the Period ending June 17, 1939.*1. *The Shah.*

HIS Imperial Majesty the Shah and the Imperial family continue in residence at Saadabad.

2. *The Anglo-Iranian Oil Company.*

Reference Intelligence Summary No. 11 (current), paragraph 6. Lord Cadman left Tehran by air on the 5th June. During his two audiences with the Shah, His Imperial Highness the Crown Prince was also present and acted as interpreter.

It is understood that the conversations have been useful and agreement reached on certain points. The Anglo-Iranian Oil Company have modified their demands for the inclusion of the whole of the Iranian coast-line. The area is not now to include the Mekran coast-line. Negotiations are, however, still taking place.

Current rumours state that the recent press attacks on the company arose because the Shah had been informed that the Iraq Petroleum Company, of which Lord Cadman is chairman, had given the Iraqi Government an advance of £3 million. It is openly stated in the capital that the Anglo-Iranian Oil Company have sanctioned £1 million as an advance of royalties or as a gift to the Shah.

3. *The Dutch Exploration Company.*

Reference Intelligence Summary No. 7 (current), paragraph 6. The Director-General of the Dutch Exploration Company (Algemeene Exploratie Maatschappij), M. Aarts, arrived at Tehran on the 7th June. He was accompanied by M. Meckel, Professor of Geology at Delft University, who has also had considerable experience in oil prospecting in Venezuela. Three other geologists (one Dutch, one Belgian and one Swiss) and some twenty engineers and drillers have also arrived in Tehran.

4. *The Iranian Air Force.*

(i) Sartip (Brigadier) Khusrovani (Military Attaché's Personalities No. 153), now in command of the Iranian air force, officially represented Iran at the opening of the new Beirut civil airport on the 4th June. The journey to and from Beirut was made in a De Havilland "Rapide" machine.

(ii) In the Iranian air force sergeant pilots are paid a special flying allowance of 100 rials, rising to 300 rials per mensem. Warrant officers and officer pilots receive a flying allowance of 300 rials per mensem.

(iii) A number of crated "Tiger Moth" aircraft, stated to be fifteen-twenty, have arrived in Tehran by rail from Bandar Shahpur. These are to be assembled at the Iranian Aircraft Factory. They are presumably for use at the Mehrabad Flying School.

(iv) The number of employees, less officers and n.c.o.'s, at the aircraft factory, Doshantappeh, are stated to be:—

Conscripts	...	...	...	...	...	...	50
Mechanics, riggers, apprentices, &c.	...	...	...	...	...	...	450

(v) Iranians domiciled in India, who have been recalled to Iran for military service, after completing four months with the colours are sent to the aircraft factory, Doshantappeh, to act as clerks or interpreters for the remainder of their service.

5. *The Iranian Army.*

(i) Recently the Iranian Ministry of War, through the Berne Purchasing Committee, called for tenders for the supply of fifty batteries of four guns each, 75-mm. mountain artillery, in order to complete each division with one regiment of

field artillery and one regiment of mountain artillery. The following firms submitted tenders:—

Messrs. Bofors of Sweden.
Messrs. Cockerill of Belgium.
Rheinmetall of Germany.

It is learned that the Rheinmetall (Germany) quotation was 25 per cent. lower than either of the two other firms, but Messrs. Bofors' tender was provisionally accepted.

The Shah, in the meantime, had given instructions that he wished a factory for the manufacture of artillery to be constructed in Iran, but Messrs. Bofors declined to take part in this new enterprise. Rheinmetall willingly agreed to construct the factory and furnish experts. Payment to be spread over a term of years. No final decision has yet been made.

Should Rheinmetall obtain this contract there will be a still further increase in the number of German nationals in Iran.

(ii) An unconfirmed report states that Zabul, now under the General Officer Commanding 7th Division, will shortly become an independent brigade.

The garrison at Chahbar will come under the orders of the 8th Division.

(iii) It is reported from a reliable source that the following are the present rates of pay of officers and other ranks in the Imperial Iranian army:—

	Rials.
Officers—	
Sipahbud (general) ...	6,000
Sarlashgar (major-general) ...	4,000
Sartip (brigadier) ...	3,000
Sarhang (colonel) ...	1,800
Sarhang do (lieutenant-colonel) ...	1,500
Sargurd (major) ...	1,200
Sarwan (captain) ...	900
Sutwan yekum (lieutenant) ...	650
Sutwan dovum (second lieutenant) ...	500
Sutwan seyum ...	450
Other ranks—	
(1) Ustuvan yekum (warrant officer I) ...	280
(1) Ustuvan dovum (warrant officer II) ...	250
(1) Guruhban yekum (quartermaster-sergeant) ...	170
(1) Guruhban dovum (sergeant) ...	120
(1) Guruhban seyum (lance-sergeant) ...	90
Sarjukheh (corporal) ...	15
Sarbaz (private) ...	7.50

(iv) Reference Intelligence Summary No. 3 (current), paragraph 17 (ii). The fifty motor-cycle combinations ordered from Fabrique nationale belge are expected to be delivered in July.

6. *British Officers.*

(i) Squadron Leader V. Harris, B.Sc., Royal Air Force, left Tehran for Habbaniya during the period under review on completion of four months' language study duty in Iran. (See Intelligence Summary No. 4 (current), paragraph 4.)

(ii) Squadron Leader C. E. de V. Lart, Headquarters, Royal Air Force, Habbaniya, visited Tehran from the 5th to 13th June.

(iii) Major J. B. Cunningham, Royal Indian Army Service Corps, language student, accompanied by his wife, left Tehran for India during the period under review on completion of his studies. He is travelling via Bagdad, Basra and Bombay.

7. *Landing Grounds.*

A consular report states that the landing ground at Zahedan has recently been cleared and marked.

8. *U.S.S.R. Interests.*

Reference Intelligence Summary No. 3 (current), paragraph 13 (ii). The Iranian trade delegation, headed by M. Sadiq Vassighi, Acting Minister of

(1) Plus 45 rials per mensem for rations.

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Commerce, which left Tehran on the 5th January, has returned to the capital without achieving anything. The Iranians state that M. Mikayan (an Armenian), Soviet Minister of Commerce, made impossible demands for goods which for some time have been solely exported to Germany. The Russians, on the other hand, state that the Iranians were difficult over the matter of dealing only through Iranian monopoly companies when they (the Russians) desired to purchase unrestricted quantities in the open market.

9. German Interests.

(i) It is reliably reported that the Reich Government have formally asked the Imperial Iranian Government's permission to nominate a military attaché in Tehran in view of the increasing importance of the Iranian army and air force. This appointment is not likely, however, to be made before April 1940. The present German military attaché, Colonel Röhde, resides in Angora and is accredited also to Athens and Tehran.

(ii) A well-known German lady pilot, Mme. Elli Beinhorn, flying her own machine, a Messerschmidt "Typhoon" four-seater with a cruising speed of 265 miles per hour, arrived in Tehran on the 13th June.

10. Hungarian and Yugoslav Interests.

Reference Intelligence Summary No. 14 of 1938, paragraph 7 (vi). The Turkish Military Attaché reports that a large number of heavy draught horses purchased in Hungary and Yugoslavia are expected in Trebizond shortly.

11. Czech Interests.

The personnel of the former Czecho-Slovak Legation, including the Chargé d'Affaires, Dr. Vladimir Fric, have now left Tehran for Prague.

12. The Trans-Iranian Railway.

(i) The Garmsar-Semnan branch line of the Trans-Iranian Railway was officially opened by his Excellency M. Mahmud Jam (Mudir-ul-Mulk), Prime Minister, on the 16th June.

(ii) It is reliably reported that the alignment of the Tehran-Kazvin-Qotur (Turkish frontier) section of the Trans-Iranian Railway will be approximately as follows:—

- Tehran (million sheet No. 9, square D 1).
- Kazvin (million sheet No. 8, square C 4).
- Zinjan (million sheet No. 8, square A 4).
- Mianeh (million sheet No. 1, square D 3).
- Maragheh (million sheet No. 1, square C 3).
- Mianduab (million sheet No. 1, square C 4).
- Rezaieh (Urumieh) (million sheet No. 1, square B 3).
- Khoi (million sheet No. 1, square A 2).
- Qotur (Kutur) (million sheet No. 1, square A 2).

13. Turkish Railways.

It is learned from a reliable Turkish source that the railway line from Diarbekr to Qotur (Kutur) will run approximately as follows: Erzurum-Tatvan-Gevas-Van-Kazir Pasha-Qotur (Kutur).

A ferry service between Tatvan and Van will run on Lake Van Golv during the time that the difficult section along the south shore of the lake is under construction.

Another Turkish project is stated to be the prolongation of the railway from Erzurum-Karakose-Bayazit (east)-Maku (Iran).

14. Civil Aviation.

Reference Intelligence Summary No. 11 (current), paragraph 4. The statutes of the National Flying Club are now being drawn up and the club will have the following committees:—

- (a) General Committee.
- (b) Administration.
- (c) Technical.
- (d) Finance.
- (e) Propaganda.
- (f) Inspection.

15. The British Naval Detachment.

His Majesty King George VI has been graciously pleased to confer the decoration of a Commander of the British Empire on Sarhang (Colonel) Atapur for his services in connexion with the British Naval Detachment's visit to Tehran for the wedding celebrations.

H. J. UNDERWOOD, Lieutenant-Colonel.

[E 4975/211/34]

No. 3.

Viscount Halifax to Mr. Seymour (Tehran).

(No. 66.)

(Telegraphic.)

Foreign Office, July 13, 1939.

YOUR telegram No. 77 [of 29th June: Credits for Persia].

Export Credits Guarantee Department are being pressed by a number of manufacturers who have firm enquiries from Persia. The most important of these are for—

- (1) Rails up to £2,500,000.
- (2) Locomotives and rolling-stock up to £3 million.
- (3) Diesel-electric trains to the value of £240,000 (English electric company have tendered).
- (4) Three ships of 5,000 tons each, approximate value £500,000.

2. His Majesty's Government are prepared to agree to guarantees up to £5 million provided that Persian Government and Anglo-Iranian Oil Company will accept a charge on the oil royalties in a satisfactory form. For general financial reasons £5 million must be the maximum limit. In order to obtain a charge on the royalties it seems essential that the orders referred to above or such others as Persian Government may wish to place should be dealt with under a global guarantee agreement to be discussed with representatives whom the Shah has been asked to send to London. Local representative of Anglo-Iranian Oil Company has urged on Minister of Finance the desirability of expediting arrival of representative in London.

3. Governor of National Bank has told representative of Anglo-Iranian Oil Company that British manufacturers do not like financing orders through guarantee agreements between foreign Governments and Export Credits Guarantee Department because this method is expensive. This suggestion is untrue, and, for your own information, may be due to the fear of particular British firms that a guarantee agreement would allow competition. A guarantee agreement is in fact the cheapest method, since manufacturers are paid in cash and do not therefore have to add financial charges to their price. Guarantees given by Export Credits Guarantee Department to individual manufacturers are much more expensive for manufacturers, who then pass on extra costs to buyer.

4. Please make representations to Persian Government to send representative to London. You should not, of course, give any appearance of hustling them. Time taken to arrange agreement, once representative arrives, depends upon his calibre, but main provisions could probably be settled quite quickly. Commercial secretary should explain to Governor of National Bank that we have been approached about these orders, but can give no reply to manufacturers until we know whether they would be included in programme of expenditure under guarantee agreement. If orders for rolling-stock are to be included it is desirable that tenders should be postponed.

5. As regards rails, delay is due to non-arrival of Persian representative. Consortium state that immediate order referred to in your telegram is being financed without help of Export Credits Guarantee Department or Anglo-Iranian Oil Company.

[20804]

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[E 5127/2086/34]

No. 4.

Mr. Seymour to Viscount Halifax.—(Received July 18.)

(No. 222. Confidential.)

Tehran, July 1, 1939.

My Lord,

WITH reference to your Lordship's circular despatch of the 9th June, 1938, I have the honour to transmit herewith a report on the heads of foreign missions at Tehran.

I have, &c.

H. J. SEYMOUR.

Enclosure in No. 4.

Report on Heads of Foreign Missions in Tehran.

(Passages marked with an asterisk are reproduced from earlier reports.)

Afghanistan (Ambassador): Mohammad Nowrouz Khan (April 17, 1939).
THE previous Ambassador, Sardar Ahmad Ali Khan, left Tehran after four months' tenure of the post, in April 1938, and the Embassy remained in charge of a secretary for a year. The new Ambassador, who I understand previously held a court appointment at Kabul, likes to speak of his conviction that friendship with the United Kingdom should be the main object of Afghan policy. He does not, however, give the impression of possessing much ability. Speaks some English.

Belgium (Minister): M. Egbert Graeffe (January 17, 1937).
*M. Graeffe is somewhat of a specialist in commercial and financial affairs, with which, I gather, he dealt while employed in Berlin before his appointment to Tehran. He has a considerable amount of energy and determination, and is outspoken in his discussions with the Iranian Government. I have never heard him admit ignorance of any subject, official or unofficial, and his claims to omniscience are apt to make people underrate his ability. Both he and his wife speak excellent English. (Written in 1938.)

Bulgaria (Chargé d'Affaires): M. Dimitre M. Daphinof (May 1, 1938).
Bulgaria has not previously been represented at Tehran, but a considerable number of Bulgarians have been employed on railway construction and have had the usual difficulties with the Iranian Government. It was consequently felt that some protection of Bulgarian interests was necessary, and M. Daphinof tells me that he is fully employed in trying to settle the troubles of his compatriots. He appears to be intelligent and painstaking. He has had more than the usual trouble in installing a new Legation, including a "hold-up" by Iranian soldiers, of which he was the victim.

Czecho-Slovakia (Chargé d'Affaires): Dr. Vladimir Fric (March 5, 1934).
The Czecho-Slovak Legation was taken over by the German Legation within a few days of the German occupation of the country, and Dr. Fric left for Prague in June 1939.

Denmark (Chargé d'Affaires): M. A. E. C. Fensmark (April 13, 1939).
Formerly in Angora. Speaks excellent English and seems an efficient and energetic official. His wife is English.

Egypt (Ambassador): M. Yussef Zulficar Pasha (April 17, 1939).
The Egyptian Legation was raised to an Embassy on the occasion of the Crown Prince's marriage to Princess Fowzieh, and Yussef Zulficar Pasha, Queen Farida's father, was appointed as the first Ambassador. He does not appear to find his position a very easy one. He is very friendly with this Legation and, if he remains in Tehran, should be a valuable colleague.

France (Minister): M. Albert Bodard (June 2, 1937).

M. Bodard's experiences in the last year have been of a rather depressing nature. He had hoped for a transfer, but returned to Tehran and bore the brunt of the rupture of diplomatic relations in December 1938. Shortly before relations were broken off he had undergone an operation, and was confined to his room for four months. The Minister's relations with his own staff and with the French colony have not been good, and it is no wonder that he hopes, with increasing fervour but diminished confidence, for a move.

I have found him a very friendly colleague.

Germany (Minister): Dr. Hans Smend (July 30, 1935).

*Dr. Smend has an excessively "diplomatic" veneer; his enthusiasm for all things Persian appears unbounded. Under his protective manner he conceals a good intelligence, and some at least of the credit for the progress in German trade relations with Iran must go to him. Married; but Mme. Smend stands the climate badly and is often away.

The German Legation is now being rebuilt and enlarged.

Holy See (Apostolic Delegate): Mgr. A. Marina (October 29, 1936).

*The position of the Apostolic Delegate is rather anomalous. His diplomatic status is not fully recognised by the Iranian Government; and his name is not included in the diplomatic list. He is, however, invited by the Iranian authorities to gatherings attended by "chefs de missions." Mgr. Marina appears to be mainly interested in the religious and charitable side of his functions. He has a friendly and sympathetic character. (Written in 1938.)

Iraq (Minister): Khalid Beg Suleyman (April 23, 1935).

*A brother of Hikmat Beg Suleyman, Prime Minister of Iraq in 1936-37, and of the late Murad Beg and Shaukat Pasha. He is on very close terms with this Legation, and is a strong adherent of the policy of alliance with the United Kingdom. His utility here is reduced by the fact that his Government keeps him very badly informed of any negotiations between themselves and the Iranian Government. His health has lately not been very satisfactory, and he would like a transfer to a less exacting post. He is generally liked in Tehran, and it is useful to have here so staunch a supporter of the British connexion. (Written in 1938.)

Is at present on leave previous to retirement.

Italy (Minister): M. Luigi Petrucci (June 2, 1937).

M. Petrucci was in Ottawa, as consul-general and Minister, for over four years before his appointment to Tehran. He is one of those Italian diplomats who are profoundly uneasy at recent developments in Italian foreign policy. He is by no means skilled in concealing his views, and is, I think, apprehensive that he may no longer be employed after the leave which he is at present taking. He is on very good terms with this Legation. An enthusiastic, though to British ideas perhaps a rather bloodthirsty, sportsman.

Japan (Minister): Mr. Shoichi Nakayama (October 19, 1937).

Has served both in London and the United States and speaks good English. He is personally friendly and explains international difficulties in the Far East as due to the control of political affairs by the army. I should hesitate to say whether his friendly sentiments are genuine or not, but am inclined to think they are. His work here is mainly commercial. Suffers a good deal from ill-health.

Netherlands (Minister): M. P. A. van Buttingha Wichers (December 31, 1935).

*Served here previously as Chargé d'Affaires, and is somewhat jaded as the result of prolonged residence in Tehran. He takes a cynical view of local events. Married; his wife is half Australian. (Written in 1938.)

Poland (Minister): M. Jan Karsvo Siedlevski (February 21, 1939).

M. Siedlevski is small, very young looking for his age (48), an animated and continuous conversationalist, and a bachelor; in every respect the antithesis of his predecessor. His previous service has been almost entirely in Central Europe and Russia. His work here is mainly commercial. I have had little opportunity of forming an opinion of his abilities, but should suppose him to be quite effective.

[20804]

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Roumania (Chargé d'Affaires): M. Michel Blenche (July 1, 1936).

While there is supposed to be a resident Roumanian Minister at Tehran, there has, in fact, never been one since I arrived here in 1936. M. Michel Blenche has been in charge for the whole of this time, without leave or prospect of leave. He has little to do and is rather a dim personality, but quite well liked.

Switzerland (Chargé d'Affaires): Dr. Armin Daeniker (June 6, 1936).

A sound and sensible official. Plays no great part in Tehran life. He married in 1938 a lady who is, it is believed, a lawyer of some distinction in Switzerland.

Sweden (Minister): M. Hugo von Heidenstam (October 27, 1936).

*Also accredited to Bagdad. Has been chief engineer to the Chinese Government for the river and port of Shanghai. An agreeable and sensible man, without any pronounced political views. He and his wife both speak excellent English. (Written in 1938.)

Turkey (Ambassador): M. Mehmet Enis Akaygen (August 14, 1934).

*Doyen of the Diplomatic Corps. The improvement of Turco-Iranian relations has coincided with M. Akaygen's tenure of his post, and he has an excellent position in Tehran, where he is both respected and liked. I believe it was intended that he should leave Tehran to take up the post of secretary-general of the Ministry for Foreign Affairs at Angora, but the proposal was abandoned, or at any rate postponed, owing to the Shah's wish that the Ambassador should remain here. (Written in 1938.)

The Turkish Embassy now possess new buildings both in Tehran and Shimran.

United States of America (Chargé d'Affaires): Mr. Cornelius van H. Engert (May 26, 1937).

Mr. Engert is a professional diplomat of some seniority. When he arrived the Iranian Legation in Washington had been closed since 1935, and was only reopened in 1938. The United States Government have now decided to appoint a Minister to Tehran and Mr. Engert's tenure of the post here will therefore come to an end.

Mr. Engert has previously served in Iran and has a very good knowledge of the country. He is a very friendly and loyal colleague whose departure I shall much regret.

U.S.S.R. (Ambassador): M. Alexi Tchernikh (May 21, 1935).

*M. Tchernikh is a semi-invalid, of whom little is seen. Now undergoing a cure in Russia, from which it is rumoured that he may not return. He can only speak the most inadequate French, and I think no other foreign language, so that it is difficult for a non-Russian speaker to get much forrader with him. Personally I have always found M. Tchernikh and his wife most friendly. (Written in 1938.)

M. Tchernikh has been much absent during the last year and is not expected to return to Tehran.

Yugoslavia (Chargé d'Affaires): M. Sava Spasojevic (October 12, 1937).

M. Spasojevic is mainly employed in settling the troubles of Yugoslav citizens employed here. He plays no very remarkable rôle in Tehran.

MINISTERS RESIDENT ELSEWHERE.

Denmark (Minister): M. Ove Engell (February 1933).

Resides in Stockholm.

Finland (Minister): M. le Baron Aaron Yrjo-Koskinen (November 6, 1934).

Resides in Moscow. Visited Tehran for the Crown Prince's wedding celebrations.

Hungary (Minister): M. Zoltan de Mariassy (December 6, 1937).

Resides in Angora. Last visited Tehran in 1937.

Lithuania (Minister): M. Jurgis Baltrusaitis (May 20, 1933).

Resides in Moscow.

Norway (Minister): M. le Dr. Tostrup Urbye, G.B.E. (April 27, 1936).

Resides in Moscow. Visited Tehran for the wedding celebrations in April.

[E 5126/5126/34]

No. 5.

Mr. Seymour to Viscount Halifax.—(Received July 18.)

(No. 228.)

My Lord,

Tehran, July 8, 1939.

THE continued tension in Europe causes ever-increasing anxiety to the Iranian Government, who seem during the past twelve months to have come to realise more clearly the serious economic difficulties which a European war must entail for Iran. There is, I think, no feeling of apprehension lest Iran should be involved in hostilities, for the Iran of to-day can take care of herself in a way in which the Persia of 1914 could not, but it is realised that the somewhat artificial structure of Iranian foreign trade, and consequently the progress of industrialisation, would be exposed, at any rate at the beginning of a war, to strains which it is hardly calculated to withstand.

2. Iranian Ministers are cautious in making any statements indicating sympathy with either of the groups of European Great Powers, and, as your Lordship is aware, no editorial comment on foreign affairs is allowed to appear in the local press. It is consequently difficult to gauge local opinion, but from conversations with the Prime Minister, the Minister for Foreign Affairs and others, I should estimate the trend of feeling here rather as follows:—

3. Since the German occupation of Czecho-Slovakia and the increase of tension over Danzig, the Iranian Government have come to regard the outbreak of war as practically certain. As regards Danzig, they take, perhaps naturally, no interest in the merits of the case. They only hope that the question will be settled without war, and the Minister for Foreign Affairs has more than once told me that he still hoped that it would be possible for His Majesty's Government to invent some acceptable solution. It is clearly a matter of indifference to his Excellency what effect any solution would have on Poland, provided only a solution can be found. I have, however, not observed any tendency to place the blame for the present situation in Europe on any Government other than the German. It is true that Persians are highly disposed to follow the precept of being all things to all men, and I do not know in what sense they talk to my German colleague; I have, however, been struck in various conversations by the sympathy displayed for the efforts of His Majesty's Government, and by the frank expression of the view that war, if it comes, will have come by the will of the German Government.

4. The German Legation here seem to adopt with other foreign diplomats a purposely threatening attitude. The Turkish Ambassador tells me that the German Minister spoke to him in violent terms about the Anglo-Turkish Declaration, actually saying that his Excellency would find that it marked "the end of Turkey." A secretary of the German Legation told a Scandinavian colleague that Danzig and the parts of Poland which were German before 1914 would be in German hands by the end of this year.

5. The Iranian Government have followed with much interest the endeavours of His Majesty's Government to build up a front against aggression, especially, as is natural, so far as it concerns Turkey and the Soviet Union. Turkish policy is regarded here with much respect, and the Anglo-Turkish Declaration produced a very good effect in Iran. The discussions between His Majesty's Government and the Soviet Government have been followed with much interest and, it must be admitted, with a high degree of scepticism. Whatever may have been the case some years ago, Persians are now highly suspicious of Russian good faith, and both the Minister for Foreign Affairs and the Prime Minister have told me that they feel sure that the Russians are merely spinning out negotiations, and that they will never commit themselves to any engagement entailing a risk of war. No argument to the contrary appears to shake this view, which is that of the Shah. I have been on the look-out for any hint that an Anglo-Soviet Agreement might be supposed adversely to affect Iranian interests, but no idea of any such possibility seems to be entertained. A successful outcome of the Moscow negotiations would thus be of great value to us in this country.

6. On the whole, therefore, I think that in the present situation Iranian sympathy, for what it is worth, is on the British side. I do not wish to imply that Iran will, in the event of war, go beyond a strict neutrality, nor that she

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will resist the temptation to profit from the war at our expense if a perfectly safe opportunity arises. But I do think that Iranians would have, if the time came, more sympathy with the aims of His Majesty's Government than we could have expected some years ago.

A copy of this despatch is being sent to the Secretary to the Government of India in the External Affairs Department and to His Majesty's representatives at Bagdad and Kabul.

I have, &c.
H. J. SEYMOUR.

[E 5069/216/34]

No. 6.

Mr. Seymour to Viscount Halifax.—(Received July 17.)

(No. 231. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 13, for the period ending the 1st July, compiled by the military attaché to this legation.

Tehran, July 9, 1939.

Enclosure in No. 6.

(Secret.)

Intelligence Summary No. 13, for the Period ending July 1, 1939.

1. *The Shah.*

HIS Imperial Majesty the Shah and the Imperial family continue in residence at Saadabad.

2. *The Crown Prince.*

Their Imperial Highnesses the Crown Prince and Princess visited the Ethnographical Museum on the 24th June. Professor W. Haas, a German Jew, is in charge of this museum.

3. *British Interests.*

Lieutenant-Colonel H. J. Underwood, military attaché, toured in Khorasan and Eastern Mazanderan from the 26th June to the 3rd July.

4. *United States Interests.*

President Roosevelt has nominated Mr. Louis G. Dreyfus junior to be United States Minister to Iran, thus resuming normal diplomatic relations. Mr. Dreyfus is expected to arrive in Tehran some time in September.

5. *Italian Interests.*

On the 27th June an Iranian delegation consisting of the following members left for Italy by the Deutsche Lufthansa air service to attend the marriage ceremony of His Royal Highness the Duc de Spoleto with Her Royal Highness Princess Irene of Greece:—

His Excellency Mirza Ibrahim Khan Qawam (Qawam-ul-Mulk) (Military Attaché's Personalities, No. 231—Foreign Office Personalities, No. 167).
M. Nasrullah Intezan, Director 3rd Bureau, Ministry for Foreign Affairs.
Sarhang (Colonel) Motazedi, aide-de-camp to His Imperial Highness the Crown Prince.

It will be recalled that the Duc de Spoleto represented the Royal family of Italy at the recent marriage celebrations in Tehran.

6. *Afghan Interests.*

His Excellency Sirdar Shah Wali Khan, an uncle of His Majesty the King of Afghanistan, and Afghan Minister in Paris, passed through Tehran by the Deutsche Lufthansa air service on the 20th June *en route* to Europe.

7. *Gendarmerie.*

Reference Intelligence Summary No. 6 (current), paragraph 5 (ii). The approximate number of Amnieh (Road and Frontier Guards) now absorbed in the Imperial Iranian army is reported to be 10,600 all ranks. Each battalion of Amnieh is reported as having four machine guns; this, however, is unconfirmed.

8. *The Iranian Air Force.*

Mr. F. Knight, Chief Technical Adviser at the Doshantappeh Aircraft Factory, has left Tehran for England on leave. His contract has been renewed by the Iranian Government for a further period of two years.

9. *German Interests.*

(i) Reference Intelligence Summary No. 12 (current), paragraph 9 (ii). Mme. Elli Beinhorn left Tehran on the 26th June, flying solo to Berlin.

(ii) Twelve master artisans' assistants, all of German nationality, have recently been engaged by the Iranian Government for a period of three years at the various schools of arts and handicraft throughout the country. Several of those engaged have previously been employed in the same capacity.

(iii) Herr Otto Moser, technical director of the Majlis Government Printing Press, has had his contract renewed by the Iranian Government for the third time.

10. *The Iranian Army.*

From a reliable Swedish source it is reported that an order for sixty Bofors anti-aircraft guns (4.5-mm.) was placed several months ago. Delivery of these guns is expected within the next three months.

11. *Census.*

Reference Intelligence Summary No. 11 (current), paragraph 5, and Intelligence Summary No. 10 (current), paragraph 3. A trial census of Kashan and neighbourhood was carried out from 1800 hours on the 22nd June to 1800 hours the 23rd June under the personal supervision of M. Ali Ashgar Hikmat, Minister of the Interior (Military Attaché's Personalities, No. 111—Foreign Office Personalities, No. 99). The signal of the commencement of the "curfew" period was given by means of sirens and factory hooters. Census officials were identified by a special brassard, and made house-to-house visitations.

12. *Elections.*

Reference Intelligence Summary No. 8 (current), paragraph 11. Active preparations are being made throughout the country for the coming elections of Deputies for the Twelfth Legislative. Electoral Committees have been set up in all towns and districts.

13. *Boy Scouting.*

As was done last year, several short courses of instruction for patrol leaders and scoutmasters are again being held at Manzarieh, near Tehran.

14. *Communications.*

(i) A new road 24 feet wide, well graded and bridged, is nearing completion between Shahrud (million sheet No. 15, square A 3) and Kutal-i-Zardaneh Naudeh to its junction with the main Gorgan-Gumbad-i-Kabus road. This road will facilitate traffic between East Mazanderan and Khorasan.

(ii) A new motor road is being constructed along the Caspian Sea coast from Rud-Sar to Cham Khaleh (million sheet No. 8, square C 3).

15. *The Anglo-Iranian Oil Company.*

The Anglo-Iranian Oil Company are constructing several large new store depots for bulk petrol and oil at Meshed. Filling stations are to be constructed on the main Tehran-Meshed-Zahidan road. A tank storage depot is also being constructed at Semnan near the railway station.

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16. *Olympic Games.*

The Iranian press state that Iran will be represented at the forthcoming Olympic Games. Preliminary preparations are now being taken by a special committee under the patronage of His Imperial Highness the Crown Prince.

17. *The Majlis.*

Recent legislation has been passed on such varied subjects as:—

- Reorganisation of veterinary services.
- Prevention of hydrophobia.
- Conservation of ancient trees.
- Film censorship.
- Prohibition of entry of children under 16 years into cinemas except to see instructive films, which are to be compulsorily exhibited once weekly by cinema proprietors.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Gulhek, July 1, 1939.

[E 5609/211/34]

No. 7.

Viscount Halifax to Mr. Seymour (Tehran).

(No. 75.)

(Telegraphic.)

Foreign Office, August 13, 1939.

YOUR telegram No. 84 [of 30th July: Credits for Persia].

General Cheybani arrived in London on 28th July and was introduced to Export Credits Guarantee Department by Lord Cadman. He said he had come to discuss military purchases alone, and would only be able to decide what to buy when he knew what was available in matter of credits. Persian requirements included aeroplanes, lorries, machine tools, armoured cars, tanks and anti-aircraft guns. He refused to discuss credits for railway equipment or other civil purchases, and said these could be discussed when military credits had been fixed.

2. Subsequently, in conversation with this department, General Cheybani said that items in which he was particularly interested were twenty Hawker Fighters and thirty bombers and material for aircraft factory extension which Mr. Jones had discussed in Tehran. Total value of these orders, including factory extension, would be about £1,500,000.

3. The general is being told by Export Credits Guarantee Department that, subject to conclusion of satisfactory agreement, His Majesty's Government contemplate putting credits up to £5 million at disposal of Persian Government, of which £1,500,000 may be expended on armaments. (It may be possible to include aircraft factory material costing about £300,000, under commercial credits.)

4. Foregoing is for your own information only at this stage. Instructions regarding any communication to be made to the Persian Government will be sent to you when precise language to be made to general has been decided and interview has taken place.

[E 5740/216/34]

No. 8.

Mr. Seymour to Viscount Halifax.—(Received August 16.)

(No. 248. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and, with reference to Tehran despatch No. 231 of the 9th July, 1939, has the honour to transmit herewith a copy of Intelligence Summary No. 14 for the period ending the 15th July, compiled by the military attaché to this legation.

Tehran, July 26, 1939.

Enclosure in No. 8.

(Secret.)

Intelligence Summary No. 14 for the Period ending July 15, 1939.

1. *The Shah.*

HIS Imperial Majesty the Shah and the Imperial family are still in residence at the Saadabad Palace. Recently several large gardens adjoining the Imperial parks have been acquired at nominal sums.

2. *The Crown Prince and Princess.*

According to the press a happy event is expected to take place early in March 1940.

His Excellency the Egyptian Ambassador and his family who are relations are seldom permitted to see Her Imperial Highness the Crown Princess Fowzieh. All Egyptian servants have been dismissed from the palace.

Except that articles on Egypt have disappeared from the press there is little effect apparent on Irano-Egyptian relations. The two countries have nothing in common.

3. *Iranian Officials.*

An unconfirmed report states that Sarlashgar (Major-General) Amanullah Jehanbani (Military Attaché's Personalities, No. 132; Foreign Office Personalities, No. 103), a member of a very influential family of the old régime, has been imprisoned and is said to be in a poor state of health.

4. *Turkish Interests.*

The instruments of ratification of the treaty defining the Irano-Turkish frontier, which was signed on the 26th May, 1937, have been formally exchanged between the two countries concerned.

5. *Polish Interests.*

An unconfirmed press report states that Iran has signed contracts for 25,000 tons of rail, &c., with Polish iron and steel firms. Shipments are expected shortly.

6. *The Iranian Army.*

(i) The small-arms and munition factory at Saltanatabad (degree sheet No. 9 M, square D 1) manufactures rifles, ammunition and shells. The entire stock is supplied by the Poldi Steel Works. Over 5,000 men are employed in this factory which is under the command of Sarlashgar (Major-General) Ismail Khan Shafai.

(ii) The majority of the military garrisons both in Tehran and the provinces are now in their summer training camps.

(iii) Reservists of classes 1928-30 and 1930-32 have been called to the colours for one month refresher military training in accordance with article 123 of the Iranian Conscription Law.

(iv) The accommodation at the officers school in Tehran is being increased to accommodate 1,200 cadets. The school normally holds 600 cadets.

7. *The Imperial Bank of Iran.*

Mr. A. O. Butters, O.B.E., chief manager of the Imperial Bank of Iran, left Tehran on the 8th July for British Columbia on retirement. He has been succeeded by Mr. V. L. Walter.

8. *Broadcasting.*

The Minister of Posts, Telegraphs and Telephones has asked for tenders by October this year for the supply of the following quantities of receiving sets in anticipation of the early commencement of broadcasting in Iran. It is said that these sets will be on sale to the public at prices within reach of all:—

- (a) 100,000 small Wolfram sets for medium-wave reception 200-400 metres.
- (b) 200,000 small-valve sets for short-wave reception 55-110 metres and medium-wave 200-400 metres.
- (c) 1,000 large sets for short-wave reception 16-120 metres and medium-wave 192-550 metres.

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9. Machine-Gun Factory.

Before the seizure of Czechoslovakia the Zbrosovka-Brno Company signed an agreement for the construction of a machine-gun factory in Tehran and had started training personnel for instructional work. This factory is now being built, and is situated between the Central Electric Power Station and the Shahbaz Aircraft Factory at Doshantappeh (million sheet No. 9, square D1). Good progress has been made in the construction of over twelve one-storey buildings which are scattered over a wide area. The site is at present surrounded by a high barbed-wire fence, and the foundations for a wall are already being dug.

10. The Trans-Iranian Railway.

It is reliably reported that the railway authorities are purchasing six Diesel-engined electric motor passenger cars for use on the southern section of the Trans-Iranian Railway.

11. Port Lights.

- (i) Tenders have been invited for the construction of two lighthouses at the entrance to the port of Nau Shahr (degree sheet No. 8 P, square C 2), Caspian Sea.
(ii) Danish and French firms have submitted tenders for the supply of automatic lighting buoys, &c., for use in the Persian Gulf.

12. Manufacture of Alcohol.

It is reliably reported that His Imperial Majesty the Shah has set up a special commission of experts to investigate the possibility of distilling alcohol from the surplus rice crops of Mazanderan and Gilan, where the Shah is himself the biggest landowner. This surplus rice used to be exported to the U.S.S.R. A distillation plant will most probably be erected in one of the Caspian provinces within the next eighteen months.

13. Cholera Outbreak.

Owing to an outbreak of cholera in Seistan and the Punjab, the Imperial Iranian Government have taken energetic steps to prevent its spread. Three quarantine stations have been set up at Zahidan, Zabul (Deh Dost Muhammad) and Taiyebatt. Anti-cholera vaccine and a number of doctors have been despatched to East Iran.

Travellers to Afghanistan, India and East Iran are prevented from travelling without first producing a certificate of recent inoculation endorsed by the police department.

14. Census.

Reference Intelligence Summary No. 13 (current), paragraph 11. The results of the tribal census held at Kashan to a radius of 6 kilom. is reported in the press as under:

Males	22,001
Females	22,993
Total	44,994

15. Elections.

Reference Intelligence Summary No. 13 (current), paragraph 12. The election of Deputies to the 12th Majlis has commenced. There are 130 Deputies in the Majlis, 12 of whom represent Tehran. Deputies are elected for a period of two years. There are no political parties.

According to the Constitution, every male person over 21 years of age is entitled to vote and candidates are elected by the free votes of their constituents. In practice, however, this is not so. A list of recommended candidates is first submitted to the Shah by the Ministry of the Interior and general officers commanding. When these lists have been finally approved electoral colleges are nominated by the civil authorities for the management of the polls. On a fixed date the civil authorities, with the help of the police, round up a number of voters who have then to place their mark against the previously selected Deputy. The votes are then formally counted by the electoral college and the elected Deputy's name announced.

16. The Press.

An article on the new Iran in the *World Digest* abbreviated from *Asia* has caused offence. One of the interesting points mentioned of the new Iran is that worshippers now pray uncovered as a result of wearing European head-gear, and points out that this is contrary to all Moslem custom. The official reply is that it is a matter of small importance whether head-gear is worn or otherwise.

17. Olympic Games.

Reference Intelligence Summary No. 13 (current), paragraph 16. With a view to the selection of suitable representation at the forthcoming Olympic Games, eliminating meetings are being held in the provinces and a National Athletic Meeting will be held in Tehran from the 15th to the 26th October.

H. J. UNDERWOOD, Lieutenant-Colonel,
Military Attaché.

Gulhek, July 15, 1939.

[E 5745/216/34]

No. 9.

Mr. Seymour to Viscount Halifax.—(Received August 16.)

(No. 259. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 15 for the period ending the 29th July compiled by the military attaché to this legation.

Tehran, August 5, 1939.

Enclosure in No. 9.

(Secret.)

Intelligence Summary No. 15 for the Period ending July 29, 1939.

1. The Shah.

HIS Imperial Majesty the Shah and the Imperial Family continue in residence at the summer palace of Saadabad. Neither the Shah nor the Crown Prince have been so much in public this summer as in past years.

2. The Crown Prince.

(i) Her Imperial Highness the Crown Princess Fowzieh is convalescing from an attack of diphtheria. This sudden illness caused the Shah and the Crown Prince great concern and anxiety. A large sum of money was expended both on medical aid (Dr. Alavi being the chief physician-in-charge) and also on alms to the poor in Tehran and Najaf (Iraq).

(ii) A reliable report states that there are still one old Berberin female servant and a European lady's maid in the service of the Crown Princess.

3. Iranian Officials.

M. Qasim Sur (Military Attaché's Personalities, No. 284; Foreign Office Personalities, No. 201), head of the Tehran Municipality, has been permitted to resign his appointment on account of ill-health. Pending a successor being appointed, M. Ghulam Ibtehaj (Military Attaché's Personalities, No. 117) is acting in his place.

4. British Interests.

(i) Reference Intelligence Summary No. 3 (current), paragraph 3. The Imperial Iranian Government have agreed to the appointment of Major C. G. Prior, C.I.E., Indian Political Service, as consul-general at Bushire as from September 1939.

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(ii) Lieutenant-Colonel H. J. Underwood, military attaché, toured in the Gulpaigan-Isfahan and Kashan areas (million sheet No. 9, squares C 3, D 3 and 4) from the 24th July to the 30th July.

5. Turkish Interests.

His Excellency Enis Akaygen, Turkish Ambassador in Tehran, will shortly be transferred in the same capacity to Athens. M. Suad Davaz, Turkish Ambassador in Paris, is being transferred to Tehran.

6. German Interests.

A consular report from Tabriz states that the German colony there numbers approximately sixty. This number is increasing every month.

7. Elections.

Reference Intelligence Summary No. 14 (current), paragraph 15. The press daily report the names of elected Deputies in the provinces.

Electoral colleges have recently been nominated by the Governor of Tehran for the election of Deputies for the Zoroastrian, Jewish and Armenian communities.

8. Public Hygiene.

Active steps are being taken by the Public Health Department in conjunction with municipalities and district councils for the improvement of sanitation. In Tehran the Municipal Council have recently erected public conveniences. These are proving very popular.

9. Harvests.

According to reports from the provinces, the crops are expected to be above the average this year.

10. The Iranian Air Force.

It is reliably reported that the number of aircraft at Tabriz is now twenty. A further eight machines are expected there shortly.

11. Tribal Unrest.

(i) A consular report from Tabriz states that the trouble in the Sardasht area (degree sheet No. 1 H, square B 4) has been suppressed, although the troops have not as yet been withdrawn.

(ii) Reports from Iranian Baluchistan state that the military authorities are meeting with considerable difficulty in disarming the tribesmen.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Gulhek, July 29, 1939.

[E 5778/211/34]

No. 10.

Mr. Seymour to Viscount Halifax.—(Received August 16.)

(No 90.)

(Telegraphic.)

YOUR telegram No. 66.

Governor of the bank has now put forward the following suggestion in regard to the £5 million offer:—

2. Export Credits Guarantee Department to undertake guarantee of bills signed by the Iranian Government in favour of contractors in the United Kingdom and endorsed by the National Bank up to an initial amount of £5 million—which limit will be reduced except under contrary agreement by £1 million [group undecypherable].

3. Bills thus endorsed by National Bank and guaranteed by Export Credits Guarantee Department will be discountable at an English bank on behalf of the Export Credits Guarantee Department. Discount rate for the said bills will be $\frac{1}{2}$ per cent. above official discount rate of Bank of England.

4. All payments effected by National Bank prior to due dates of bills discounted will be entered in an account bearing interest at a rate of $\frac{1}{2}$ per cent. above official rate of the Bank of England in favour of the National Bank, and will increase by such an amount the available limit of guaranteed credit. The governor has been asked for views of His Majesty's Government in regard to above suggestions or counter-proposals to be considered by the Iranian Government.

5. The governor is at present studying Payment Agreement of May 1938 with Turkey, but it is obvious that he is not aware how the Export Credits Guarantee Department's business is transacted. Would be glad to receive by air mail reply to above and any information which can be supplied regarding Export Credits Guarantee Department's credits, terms, charges, &c., for transmission to the governor of the National Bank.

[E 5778/211/34]

No. 11.

Viscount Halifax to Mr. Seymour (Tehran).

(No. 77.)

(Telegraphic.)

Foreign Office, August 22, 1939.

MY telegram No. 75 [of 13th August: Credits for Iran].

1. Colonel Cheybani was told by Export Credits Guarantee Department on 14th August that His Majesty's Government were prepared to grant the Iranian Government armaments credits of £1½ million and commercial credits of about £5 million, less the amount of armaments credits finally granted. In the case of both credits, terms would be 5 per cent. interest, and satisfactory security, preferably in the form of a charge on oil royalties, would be required. His Majesty's Government might agree to repayment of armaments credit over a period as long as twenty years, but period of repayment of commercial credits would be much shorter.

2. Colonel Cheybani said he would report to the Shah and continue his consultations with service departments. He said he would probably raise questions about the rate of interest, &c., later.

[E 5778/211/34]

No. 12.

Viscount Halifax to Mr. Seymour (Tehran).

(No. 78.)

(Telegraphic.)

Foreign Office, August 22, 1939.

YOUR telegram No. 90 [of 16th August: Credits for Iran].

You will see from my telegrams No. 75 of 13th August and No. 77 of 22nd August that negotiations regarding credits have already begun with Colonel Cheybani. It is obviously preferable that negotiations should be conducted through one channel, and Export Credits Guarantee Department hope that Iranian Government will authorise Colonel Cheybani to enter into more detailed discussions, either on his own or preferably with the assistance of a financial expert sent to London for this purpose by the Iranian Government.

2. Export Credits Guarantee Department contemplate arrangements whereby Iranian Government bonds would be endorsed by them and issued by the Bank of England as paying agents of Iranian Government. Amounts equal to nominal value of bonds, less stamp duty, would be paid into special account opened by Iranian Government at a London bank, from which payments would be made to British exporters. Bonds would bear interest at rate of 5 per cent. per annum, and would be redeemable over a period of years by operation of cumulative sinking fund.

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3. For the reasons given in paragraph 1, I should prefer you to avoid entering into any detailed discussion with governor of National Bank, whose proposals are, in any case, wholly impracticable. Indeed, seeing that Colonel Cheybani has asked for another interview with Export Credits Guarantee Department on 23rd August, I should prefer you not to say anything either to governor or to Iranian Government until this interview has taken place. If, however, question is raised by either governor or Iranian Government, you may show that you know what is happening here, and generally be guided by this telegram and my telegram No. 77.

[E 6107/216/34]

No. 13.

Lieutenant-Colonel Underwood to Viscount Halifax.—(Received August 29.)

(No. 275. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 16 for the period ending the 12th August, 1939, compiled by the military attaché to this legation.

Tehran, August 19, 1939.

Enclosure in No. 13.

(Secret.)

Intelligence Summary No. 16 for the Period ending August 12, 1939.

1. The Shah.

ON the 6th August His Imperial Majesty the Shah, accompanied by the Imperial family, left Tehran by car for Kalar Dasht, near Chalus, Mazandaran, and returned to the capital on the 9th August.

2. Iranian Officials.

(i) M. Mostovfi has been appointed Ustandar (Governor-General) of the 3rd Ustan (Eastern Azerbaijan).

(ii) M. Hussein Samiyi (Adib-us-Saltaneh) (Military Attaché's Personalities, No. 254; Foreign Office Personalities, No. 181) has been appointed Ustandar (Governor-General) of the 4th Ustan (Western Azerbaijan).

(iii) It is reported that Sarlashgar (Major-General) Hadi Khan Attabay, Chief of the Iranian Army Medical Service, is arranging for one of his sons, Cyrus Attabay, to enter Eton College next term.

Sarlashgar Attabay's wife is a daughter of the Shah by his first wife, now dead, the boy is therefore a grandson of the Shah. Sarlashgar Attabay is reputed to be strongly pro-German.

3. The Iranian Army.

(i) It is reported that an Iranian Army Order has recently been circulated that no Jews may be allowed to attend the officers' training school, nor may they be granted commissions in the Imperial army.

(ii) The senior term of the officers' school at Tehran is now undergoing training in camp at Manzarieh. Demonstrations are given by various units of the regular army which have been placed at the disposal of the commandant, Sarlashgar (Major-General) Yazdan Panah (Military Attaché's Personalities, No. 301), during the time they are in camp.

(iii) Reservists of the classes 1287 (1908) and 1289 (1910) have been called up for one month's training.

(iv) Three Iranian artillery officers are now undergoing a technical course with Messrs. Bofors, of Sweden.

4. The Iranian Air Force.

(i) A consular report from Ahwaz states that a Hawker "Audax" machine belonging to the Ahwaz Squadron fell into the River Karun near Kut Abdulla on the 23rd July. The pilot and observer were both killed and the machine badly damaged. The machine was salvaged by the Anglo-Iranian Oil Company. The cause of the accident is not known.

(ii) A French firm of contractors, by the name of Usine Pantz, of Nancy, have secured a contract to erect four hangars on the Ahwaz military aerodrome. These are to be of metal, and 36 m. x 45 m. each in size.

(iii) It is reported from a reliable source that the Hawker Aircraft (Limited) are to despatch to Tehran in the near future a "Hurricane" single-seat fighter for six months' trial with the Imperial Iranian air force.

5. Obituary.

M. Sava Spasogovic, chargé d'affaires of the Yugoslav Legation at Tehran, died on the 5th August.

6. Italian Interests.

Reference Intelligence Summary No. 13 (current), paragraph 5. The Iranian delegation which attended the marriage ceremonies of their Highnesses the Duc de Spoleto and Princess Irene of Greece have returned to Tehran.

7. American Interests.

Dr. Harris, an American agricultural expert who has been engaged by the Imperial Iranian Government as technical adviser to the Department of Agriculture, arrived in Tehran on 10th August.

8. German Interests.

General Schultz, of the German air force, is visiting Tehran as a guest of Dr. Smend, the German Minister. General Schultz is commandant of an officers' aviation school near Berlin, where flying, observing, anti-aircraft duty and bombing are taught. He stated that he has held his appointment and rank since January of this year. He returns to Berlin by Luft-Hansa about the middle of August.

General Schultz was an observer during the Great War with the 6th (Bavarian) Corps and was shot down and made prisoner of war. He was detained in a prisoners-of-war camp near Maidenhead.

Although a personal friend of Dr. Smend, this officer is thought to be inspecting the Luft-Hansa organisation, of which all the pilots and crews belong to the German air force. Iran is also an important factor in the future plans of German civil aviation.

9. Egyptian Interests.

An Egyptian mission arrived in Tehran by air from Cairo on the 7th August. The mission consists of:—

Hassanein Pasha, First Chamberlain to King Farroukh.
Abdul Latif Talaat Pasha, a palace official and ex-Minister.
Mohamed Yasim Bey, Egyptian Ministry for Foreign Affairs.

It is not known for what purpose this mission has been sent to Tehran, but it is believed to be in connexion with the recent articles which appeared in the Egyptian press (see Intelligence Summary No. 11 (current), paragraph 11 (ii)), and Princess Fouzieh's affairs.

The arrival of the mission is being kept secret.

10. U.S.S.R. Interests.

Reference Intelligence Summary No. 4 (current), paragraph 10 (ii). The names of the Soviet air force officers who deserted with their machine and landed in Azerbaijan are as follows:—

Captain Jalal Abbasoff.
Captain Ibrahim Abbasoff.
Lieutenant Ali Abbas Mehmedoff.

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All apparently are of Caucasian (Azerbaijan Soviet) origin and are residing in Tehran under police surveillance.

The aeroplane was dismantled and returned to the U.S.S.R. by rail from Tabriz. The mechanic (name unknown) was repatriated at his own request.

11. *British Interests.*

Lieutenant-Colonel H. J. Underwood, military attaché, is proceeding on ninety days' leave to India on the 20th August. Mr. A. N. Cumberbatch, M.B.E., commercial secretary of His Majesty's Legation, will act for him.

12. *Commerce.*

Roumanian newspapers received by the French Legation in Tehran report that the British Government has offered a credit of £5 million to the Imperial Iranian Government with which to purchase aircraft, munitions and railway material, &c., in the United Kingdom. Nothing however, has appeared in the local press.

13. *Civil Aviation.*

Reference Intelligence Summary No. 12 (current), paragraph 14. The rules and regulations for the National Flying Club have been published in the press. The president of the club is H. E. Ibrahim Qawam (Qawam-ul-Mulk) (Military Attaché's Personalities, No. 231; Foreign Office Personalities, No. 167). Dr. Mohsin Nasr is secretary.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Gulhek, August 12, 1939.

[E 6302/5126/34]

No. 14.

Mr. Seymour to Viscount Halifax.—(Received September 6.)

(No. 106.)

(Telegraphic.) *En clair.*

Tehran, September 5, 1939.

IRANIAN Government to-day issued official proclamation announcing their decision to remain neutral.

On 4th September Ministry of Interior published a communiqué addressed to all foreigners resident in Iran informing them that, irrespective of their position, they must strictly observe Iranian neutrality and must refrain from any action which would be contrary to that neutrality.

(Repeated to Moscow; India, No. 21; Angora; Kabul; Bagdad; and Cairo.)

[E 6395/5126/34]

No. 15.

Mr. Nabil to Viscount Halifax.—(Received September 9.)

Iranian Legation, London,
September 9, 1939.

My Lord,

UNDER instructions received from the Ministry for Foreign Affairs, Tehran, I have the honour to state that the Imperial Government of Iran has decided to remain neutral and to preserve its neutrality in the war that has broken out in Europe.

I have, &c.
F. NABIL,
Iranian Chargé d'Affaires.

[E 6395/5126/34]

No. 16.

Viscount Halifax to Mr. Nabil.

Foreign Office, September 13, 1939.

Sir,

I HAVE the honour to acknowledge the receipt of your note of the 9th September, in which you informed me of the decision of the Imperial Government of Iran to remain neutral and to preserve its neutrality in the present war in Europe.

I have, &c.
HALIFAX.

[E 6455/216/34]

No. 17.

Mr. Seymour to Viscount Halifax.—(Received September 13.)

(No. 288. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 17 for the period ending the 26th August compiled by the acting military attaché to this legation.

Tehran, September 2, 1939.

Enclosure in No. 17.

(Secret.)

Intelligence Summary No. 17 for the Period ending August 26, 1939.

1. *The Shah.*

IT is expected that His Imperial Majesty the Shah and the Imperial family will move to Tehran from their summer palace of Saadabad within the next few days.

2. *The European Crisis.*

There is no truth in a rumour which has been circulated in Tehran that orders have been issued for the mobilisation of the Iranian army. No special measures have been taken by the Iranian Government in this direction.

A report that the retention with, or the return to, the colours of conscripts who have completed their recognised period of training is entirely lacking confirmation.

3. *The Iranian Army.*

(i) A demonstration of anti-aircraft gunnery with live shell was given in the presence of His Imperial Majesty the Shah and the Crown Prince during the afternoon of the 14th August in the vicinity of Tajrish (degree sheet No. 9 M, square 1 J). It is reported that the Shah was pleased with the display.

(ii) Work on the construction of a small barrack at Mehran (Kaleh Saifi) (degree sheet 2 K, square A 4) has been completed.

(iii) Reference Intelligence Summary No. 12 (current), paragraph 5 (i). Messrs Bofors, of Sweden, have secured the order for the supply of fifty four-gun batteries—75 mm. mountain artillery.

4. *The Trans-Iranian Railway.*

It is reported in the press that a sum of 680 million rials (£8½ million) has been allotted for railway construction for the Iranian year 1318 (21st March, 1939–20th March, 1940).

5. *Cholera Outbreak.*

Reference Intelligence Summary No. 14 (current), paragraph 13. A consular report states that the cholera epidemic appears to be under control and the

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isolation of the area by a military cordon to have succeeded in preventing its spread beyond Seistan. Approximately 350 deaths have taken place, but only three have been recorded in Zabul itself since the 15th July. Traffic throughout East Iran has been disorganised owing to the cholera scare and much unnecessary inconvenience has been caused to travellers.

6. Education.

His Imperial Majesty the Shah has ordered the Acting Minister of Public Instruction to arrange for the immediate acquisition of all foreign-run educational establishments in Iran. As the result, however, of representations made by His Majesty's Minister and the United States Chargé d'Affaires to the Iranian Minister for Foreign Affairs, the taking over of foreign schools has been prolonged until the 7th June, 1940.

Colleges which are owned and partly staffed by foreigners include:—

The Alborz College, Tehran (formerly the American College), which has approximately 600 pupils.

The Stuart Memorial College (C.M.S.), Isfahan, which has approximately 400 pupils.

The College Manoutchehri, Tehran (formerly the Joan of Arc College), which has approximately 1,000 pupils.

Lycée Français, Tehran, which has approximately 200 pupils.

All the above establishments conform to the curriculum laid down by the Ministry of Public Instruction.

7. The Anglo-Iranian Oil Company.

It is reported that the Anglo-Iranian Oil Company in Tehran have been asked by the Ministry of Mines for the services of geologists for work in connexion with the further development of the coal-mines at Shamshak (million sheet No. 9, square D 1).

8. Credit Loan.

It is reliably reported that negotiations are now in progress between the Iranian and British Governments for export credits amounting to £5 million. It is understood that part of this sum will be utilised for the purchase of war material, aircraft, &c., and the remainder on railway material.

9. The Iranian Air Force.

(i) On the 13th August a Hawker "Fury" aeroplane crashed at Dazashan, a small village situated east of Tajrish (degree sheet No. 9 M, square 1 J). The sergeant pilot was killed and the machine totally wrecked. Just before the accident the pilot was seen doing aerobatics at a low altitude. His relatives reside at Tajrish.

(ii) The amended distribution of De Havilland aircraft on the establishment of the Iranian air force on the 19th August was reported to be as under:—

Mehrabad ...	...	...	...	...	...	51
Qila Murgha ...	...	...	...	...	...	13
Doshantappeh ...	...	...	...	...	...	11
Ahwaz ...	...	...	...	...	...	6
Tabriz ...	...	...	...	...	...	6
Meshed ...	...	...	...	...	...	6

The Order of Battle of the Iranian army, dated the 1st June, 1939, should be amended to read accordingly.

10. British Interests.

Reference Intelligence Summary No. 16 (current), paragraph 11. Lieutenant-Colonel H. J. Underwood, military attaché, left Tehran for India on the 20th August. He is carrying out a reconnaissance of the route as far as Mirjawa.

Owing to the European crisis he is being held at Ziarat, Baluchistan, pending further instructions.

11. Hungarian and Yugoslav Interests.

Reference Intelligence Summary No. 12 (current), paragraph 10. The horses, number not known, have arrived in Tehran.

12. U.S.S.R. Interests.

(i) A report from Tabriz states that the Russians are making a serious effort to complete the railway from Baku to Julfa (million sheet No. 1, square B 2). The line is said to be laid as far as Migri.

(ii) It is reported that the number of military posts on the Russian side of the frontier at Julfa have been increased from one in 6 to one in 3 kilom.

13. Yugoslav Interests.

A press report states that M. Kozar, the new Yugoslav Chargé d'Affaires, has arrived in Tehran.

A. N. CUMBERBATCH,
Commercial Secretary.

[E 6684/25/34]

No. 18.

Mr. Seymour to Viscount Halifax.—(Received September 25.)

(No. 130.)

(Telegraphic.) *En clair.*

Tehran, September 25, 1939.

MINISTER for Foreign Affairs asked me on 23rd September to inform His Majesty's Government that the Iranian Government are arranging to bring forward by neutral ship certain goods which are the property of the Iranian Government, and were bought in Germany. These goods include—

- Large tonnage of plant and machinery for the new blast furnace near Tehran, now at Hamburg, to be shipped from some neutral port in neutral ships.
- Various cargoes of German origin now on German ships in Italian ports.

[E 6702/124/34]

No. 19.

Mr. Seymour to Viscount Halifax.—(Received September 28.)

(No. 298.)

My Lord,

Tehran, September 16, 1939.

IN despatches from this post written in the twelve months before the outbreak of war the assumption has usually been made that the Soviet Union would in a European war be at any rate sympathetic towards the cause of the Western Powers. The change in Russian policy will necessarily have important effects here.

2. The European war broke out at a moment when there was no Irano-Soviet trade agreement in force, and when the practical cessation of trade between the two countries was beginning to be severely felt here. To add to these difficulties came the interruption of trade with Germany. Iran cannot long subsist without commercial relations with Russia, and the Soviet Government are thus in an ideal position for forcing the Iranian Government to agree to whatever Russia may wish. It is believed, in fact, that an agreement of some kind has probably already been almost reached, but this is not admitted by the Ministry for Foreign Affairs. In any case merchants are arranging to order Russian goods.

3. An agreement cannot in any case be long delayed, and this will open up the trade route between Iran and Germany. In fact, if Poland is rapidly overrun, Germany will be able to use the normal route from Berlin, through Poland, via Baku and Pahlevi. In the event of Polish resistance being prolonged, there would still be the route by Baku and the north of Russia. Another means of communication might be via Trebizond, but a colleague who has just arrived by this road tells me that about 150 kilom. on the Turkish side of the Turkish-Iranian frontier will not, he thinks, be passable for heavy traffic for a considerable time.

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4. In the meantime, the Germans are giving it to be understood here that they will be able to supply Iranian requirements in one way or another, and it is believed that a representative of the German Government is arriving here shortly to discuss economic and trade questions. German firms are tendering for large supplies of locomotives and rolling-stock. There is no doubt a large element of bluff in all this, but in the case of orders for delivery a year or more ahead the bluff is not likely to be discovered for some time.

5. From the point of view of trade, therefore, Russia, being friendly with Germany, can facilitate the supply to Germany by a safe, if rather inconvenient, route of such supplies as Iran affords.

6. From a political aspect, reports from all over the country show that the main feeling produced by the outbreak of war has been extreme nervousness of future Russian policy towards Iran. The Minister for Foreign Affairs tells me that, in his view, the pact between Germany and Russia does not affect the interests of Iran. Whether he really takes this view or not, it seems quite clear that co-operation between Russia and Germany in foreign policy here must have very important effects. For if the Soviet Government mean to co-operate with Germany so far as, for instance, to put pressure on Iran in German interests, it is difficult to see how the Iranian Government can resist. It has, of course, been one of the main objects of Russian policy here in recent years to resist German commercial penetration, and it is too soon to say if the reversal of Soviet policy will go so far as to cause a change in this attitude.

7. Copies of this despatch are being sent to His Majesty's Ambassadors at Bagdad and Ankara, the Secretary to the Government of India in the External Affairs Department, and to the Middle East Intelligence Centre, Cairo.

I have, &c.

H. J. SEYMOUR

[E 6703/216/34]

No. 20.

Mr. Seymour to Viscount Halifax.—(Received September 28.)

(No. 299. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 18 for the period ending the 9th September, compiled by the military attaché to this legation.

Tehran, September 16, 1939.

Enclosure in No. 20.

(Secret.)

Intelligence Summary No. 18 for the Period ending September 9, 1939.

1. General.

HIS Imperial Majesty the Shah and the Imperial family moved from their summer palace of Saadabad to Tehran on the 10th September.

2. British Interests.

Reference Intelligence Summary No. 17 (current), paragraph 10. Lieutenant-Colonel H. J. Underwood, military attaché, has been instructed by His Majesty's Minister to return to Tehran. Although in possession of the necessary inoculation certificates against cholera, he has been ordered to remain in quarantine at Zahidan for a period of five days. The position has been explained to the Ministry for Foreign Affairs, who state that the Public Health Department, Tehran, have given telegraphic instructions for his immediate release.

3. Irano-Soviet Commercial Relations.

It is reported that negotiations for the new Irano-Soviet Clearing Agreement are practically complete. No details are yet available, but it would appear that the purpose is to facilitate German commercial relations with this country through Soviet intermediary. A German Ministry for Foreign Affairs representative is now in Moscow in connexion with this agreement.

4. The Iranian Army.

(i) It is reliably reported, but at present unconfirmed, that the Iranian Government have despatched about 20,000 men fully equipped with anti-aircraft guns and equipment to the Anglo-Iranian Oil Company's (South Iranian) oil-fields area. The troops have been drawn from the 1st and 2nd Divisions, Tehran, 6th (Khuzistan) Division and the 7th (Fars) Division.

(ii) It is also reported that the Iranian Government have decided to increase the 4th Eastern (Azerbaijan) Division from its present strength of 7,973 to 20,000 all ranks. Aircraft located at Tabriz is also to be increased.

5. The Iranian Air Force.

Good progress is being made on the first five of the twenty "Hind" machines which are to be constructed at the Iranian Aircraft Factory, Doshantappeh.

6. Dutch Interests.

Reference Intelligence Summary No. 7 (current), paragraph 7. It is reported from a reliable source that the Algemeene Exploratieve Maatschappij of The Hague will abandon their concession to explore for minerals in Iran after the first year.

7. German Interests.

It is reported that all Germans of military age have received instructions from the German Legation to return to Germany for military service. They are to travel via the U.S.S.R. and Finland. Many Germans have openly declared that they have no intention of complying with the order.

In view of the probable signing of the Soviet-Irano Clearing Agreement referred to in paragraph 3 of this summary, these instructions have been held in abeyance.

From a reliable Iranian source it is estimated that the number of Germans resident in the capital is 3,000, a number of whom have recently arrived from Iraq.

(ii) It is reported by a M. Hansen (Norwegian), representative of the African and Eastern Trading Company, Basra, at present in Tehran on business, that the German Government have offered to the Iranian Government five German merchant vessels interned in neutral Gulf ports.

8. The Kermanshah Petroleum Company.

A report from Kermanshah states that increased precautions have been made for the patrolling of the refinery by police and military guards. No one is permitted to enter the refinery or bungalow area without a special pass.

H. J. UNDERWOOD, Lieutenant-Colonel.

Tehran, September 9, 1939.

[E 6778/124/34]

No. 21.

Sir H. Seymour to Viscount Halifax.—(Received October 4.)

(No. 146.)

(Telegraphic.)

Tehran, October 3, 1939.

THE economic situation here causes increasing anxiety. The position shortly is as follows:—

Trade with Russia at a standstill owing to absence of commercial agreement. Complete secrecy is observed as to any negotiations, but it is believed Iran must sign whatever the Soviet Government wishes.

Trade with Germany is suspended, though the Germans insist that they can continue to supply industrial requirements and will soon be able to take Iranian exports. Iran is at present unable to dispose of commodities marketed in Germany, and fear being left with stocks, e.g., dried fruits, cotton, casings, hides.

The Iranian Government have now expressed the hope that we can take Germany's place. Despatch No. 327 of 28th September by bag to-morrow gives the commodities affected and the amounts.

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On the other hand, failure to decide to reply about export goods, especially rails ordered in United Kingdom, must make the Iranian Government doubtful whether we can supply the type of goods required for the industrialism programme.

If we can take Iranian goods formerly taken by Germany and supply reasonable quantities of railway material, &c., it would greatly simplify the position here. But even then the Iranian Government has no means of resisting strong Russian pressure.

[F.P. 54/5]

No. 22.

Sir H. Seymour to Viscount Halifax.—(Received October 5.)

(No. 150.)

(Telegraphic.)

Tehran, October 4, 1939.

GREAT secrecy is maintained in respect of Soviet-Iran relations. Rumours are rampant that Soviet Government have (1) asked for release of all Communist prisoners in Iran; (2) claimed recognition of "special position" in Azerbaijan and Gilan; (3) complained of Iran troops being sent to northern frontier.

I report these with reserve. It is certain that Iran Government are very nervous of future policy of Soviet Government. Minister for Foreign Affairs has remarked to me on the very serious situation in which Iran would be placed if a state of war should arise between United Kingdom and the Union of Soviet Socialist Republics. In such an event he would expect an attack on India through Iran.

(Repeated to M.I.C.E., Cairo, and British Ambassador, Bagdad.)

[E 6941/124/34]

No. 23.

Sir H. Seymour to Viscount Halifax.—(Received October 16.)

(No. 318.)

My Lord,

Tehran, September 28, 1939.

IN my telegram No. 136 of the 27th September, I drew your Lordship's attention to the refusal of the Iranian Government to recognise as legitimate the list of contraband and conditional contraband published by His Majesty's Government and communicated to the Ministry for Foreign Affairs. I do not think that their present attitude is due to complete ignorance of international law as applied to neutral shipping carrying contraband goods to a neutral country or to a belligerent country, but is presumably prompted through fear that many of Iran's exportable products, which are in the greater part covered by the contraband list, may remain on their hands.

2. With the exception of oil products, Germany and Russia have, of recent years, been Iran's best customers. The latter, however, ceased her purchases when the Irano-Soviet Commercial Agreement expired on the 20th June, 1938. Since that time two unsuccessful attempts have been made to conclude a new agreement. At present negotiations are said to be again in progress, and though Iran appears disposed to conclude an agreement, the difficulties seem to be coming from the Russian side. In some quarters it is said that an Irano-Soviet agreement may lead to pressure on the Soviets by Germany for facilities in respect of their trade with Iran, which sphere of influence Soviet Russia is anxious to take over by degrees.

3. At present practically all the routes from Germany to Iran are closed, so that import and export to and from these two countries have virtually ceased. It is this factor in particular which I believe is causing the Iranian Government great anxiety. In the first place, large orders placed in Germany before the war have been executed and the goods, amounting to close on 130,000 tons, are awaiting shipment. (See my telegram No. 130 of the 25th September, 1939.) Secondly, exports to Germany are at a standstill at present. The principal exports to Germany included raw wool and goat hair carded wool, cotton, guts, gum, raisins, almonds, apricots, hides and skins, all of which would fall under the category of contraband goods.

4. For your Lordship's guidance I enclose herewith a table showing the total exports in respect of the above commodities during the twelve months April 1938 to April 1939, and the quantities absorbed by Germany. It will be observed that German purchases are very substantive. There is little wonder, therefore, that Iran, which is essentially an agricultural country, will be completely paralysed and her economic relations seriously affected, which may even lead to very serious internal troubles with the farmers and growers, unless new markets become readily available to absorb what was until recently purchased by Germany.

5. I think I am right in saying that it is quite immaterial to the powers here if their exportable products are purchased by Germany or not, and that all they want is to see all available exports disposed of. As practically all the commodities formerly exported to Germany fall under the category of contraband goods it would not seem unnatural if the Iranian Government turned to His Majesty's Government for assistance. In the course of a conversation which the commercial secretary recently had with the Minister of Finance, the latter referred to their present difficulties and expressed the hope that the United Kingdom would replace Germany as the principal buyer in Iran.

6. The position, though a delicate one, needs not only serious but immediate consideration if, as may be hoped, we are to avoid criticism and attacks in the local press supported by the Government and backed by local German propaganda, and also to capture the trade now lost to Germany. I enclose for convenience of reference a copy of a despatch⁽¹⁾ from the commercial secretary to the Department of Overseas Trade, from which it will be seen that numerous enquiries for British goods are being received. We thus have the position, at any rate for the moment, that the Iranian Government are turning to us both to absorb their exports and to supply their needs.

7. I realise that much of the material which Iran desires to import, such as railway and engineering material, must necessarily be difficult to supply in time of war. But if any scheme can be put forward—and if it can it should be put forward with the least possible delay—under which the United Kingdom could take Iran's agricultural produce and furnish manufactured goods, our political position here could be enormously strengthened. I trust, therefore, that these possibilities will receive serious and sympathetic consideration.

8. A copy of this despatch and its enclosures are being sent to the Department of Overseas Trade.

I have, &c.

H. J. SEYMOUR.

Enclosure in No. 23.

Iran: Principal Exports.

Period April 21, 1938–April 20, 1939.

Commodity.	Total exports in kilog.	Exports to Germany.	Percentage.
Guts	380,240	332,814	87·5
Raw wool and goats' hair	3,458,040	1,768,190	51·1
Carded wool	466,220	361,613	77·4
Cotton	9,307,235	7,643,708	82·1
Gum traganth	2,554,640	970,115	38·0
Raisins	17,728,610	13,323,342	75·0
Shelled almonds	4,492,290	1,389,366	30·9
Dates	26,097,040	9,790,695	37·5
Hides and skins	2,758,000	1,498,610	54·3
Wheat and barley	6,339,550	Nil	...
Rice	16,131,434	Nil	...
Dried apricots	9,358,950	8,986,954	96·0
Carpets	2,383,254	557,118	23·3
Opium	305,322	38,444	12·4

⁽¹⁾ Not printed.

Sir H. Seymour to Viscount Halifax.—(Received October 17.)

(No. 321. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 19 for the period ending the 23rd September, compiled by the military attaché to this legation.

Tehran, October 3, 1939.

Enclosure in No. 24.

(Secret.)

Intelligence Summary No. 19 for the Period ending September 23, 1939.

1. The Shah.

SINCE his return to the Imperial Palace in Tehran on the 10th September, His Imperial Majesty the Shah has had several important public engagements.

On the 12th September (the anniversary of the Prophet) the Shah held his usual levée and took the opportunity to harangue the various delegations on their duties to preserve the neutrality and well-being of Iran during the war.

On various dates, accompanied by His Imperial Highness the Crown Prince, His Imperial Majesty formally opened the Tehran grain silos, the Tehran glass works and the Trans-Iranian Railway Hospital.

From the 16th to the 19th September His Imperial Majesty, again accompanied by the Crown Prince, attended the annual manoeuvres of the 1st and 2nd Divisions at Kerej.

Before returning to the capital, the Shah inspected the Hessarak Laboratories and the agricultural experimental farms.

2. Iranian Officials.

(i) His Excellency Mohammed Ismail Mera'at, Acting Minister of Education, has been confirmed as Minister.

(ii) His Excellency Dr. Sadjadi, Acting Minister of Communications, has been confirmed as Minister.

(iii) M. Mohammed Ali Muqaddam (Military Attaché's Personalities, No. 181; Foreign Office Personalities, No. 127) has been appointed head of the Protocol Department of the Ministry for Foreign Affairs.

(iv) His Excellency Ali Asghar Hikmat (Military Attaché's Personalities, No. 111; Foreign Office Personalities, No. 99), Minister of the Interior, left by air on the 5th September for Beirut, where he is to undergo a serious operation.

3. British Interests.

(i) Reference Intelligence Summary No. 18 (current), paragraph 2. Lieutenant-Colonel H. J. Underwood, military attaché, returned to Tehran on the 15th September, 1939, having been detained in quarantine at Zahidan for the full period of five days.

(ii) Sardar Sahib Sahib Singh, a prominent Sikh merchant of Tehran, has given a donation of 80,000 rials (£1,000) for the prosecution of the war. His gift has been gratefully acknowledged.

(iii) A Royal Air Force machine flying in formation to Karachi from Sharjah made a forced landing in Iranian territory at Gulag, 65 miles west of Chahbar. It appears that the aircraft had actually arrived at Karachi at an altitude of 10,000 feet, but lost its direction owing to heavy clouds. In spite of their rights as a neutral, the Imperial Iranian Government have not interned the crew, but gave instructions for them to leave Iran. The four members of the crew were taken off by the B.I.S.N. Company's steamer *Barpeta* for Muscat.

(iv) Miss A. Lambton, daughter of the Hon. G. Lambton, has been appointed press attaché at His Majesty's Legation.

(v) Captain P. G. B. McNalty, 2nd Royal Lancers (Gardner's Horse), left Shiraz for India during the period under review on termination of language duty in Iran.

4. Egyptian Interests.

(i) Reference Intelligence Summary No. 16 (current), paragraph 9. The Egyptian mission headed by his Excellency Hassanein Pasha left for Egypt on the 11th September as secretly as it came. It is thought that the mission brought a friendly and personal letter to the Shah from King Farouk minimising the alleged Egyptian press attacks on Iran and inviting the Shah to make a State visit to Cairo. Conversations were also held on the subject of the Crown Princess's dowry.

(ii) His Excellency Yusaf Zulfikar Pasha, the Egyptian Ambassador and father of the Queen of Egypt, left Tehran for Cairo on the 23rd September. His departure has not been mentioned in the Iranian press. The ambassador stated that he had been recalled by King Farouk and that he himself would not return to Iran, for which he was profoundly thankful. The embassy will be in charge of a chargé d'affaires.

5. U.S.S.R. Interests.

(i) On the 15th September a new Soviet Ambassador, his Excellency M. Filiminov, formerly Commissar of Railways, arrived in Tehran. He was accompanied by a staff, which included a first secretary, two second secretaries and two attachés.

(ii) It is reported by travellers that the railway is being doubled between Rostov-on-the-Don and Baku and the bridges so widened that the permanent way could be quadrupled when necessary.

6. The Majlis.

On the 20th September, 1939, the eleventh session of the Majlis was formally dissolved. In his valedictory speech to the Deputies, his Excellency Mahmud Jam (Mudir-ul-Mulk), Prime Minister, congratulated the eleventh session on their work and recalled the various important measures they had passed. He announced that the twelfth session of the Majlis would be summoned within a period of one month.

7. Education.

All Iranian students in Europe have been ordered to rendezvous in Switzerland, from whence they are to return to Iran via Istanbul.

8. The War.

On the outbreak of war an official communiqué, signed by the Prime Minister, was issued declaring the Imperial Iranian Government's decision to remain neutral and to strictly guard its neutrality. This was closely followed by a public notice issued by the Ministry of the Interior forbidding foreigners from conduct or speech prejudicial to Iran's declared neutrality.

Iranian subjects have been forbidden to discuss the war with foreigners.

The change in Russian policy has caused acute apprehension. Strenuous efforts are being made to renew the Irano-Soviet Trade Agreement and it is anticipated that some agreement between the two countries will be concluded shortly which may include Germany.

The Irano-Soviet Caucasian frontier has been strongly reinforced by the 3rd and 4th Divisions and certain units from the 1st and 2nd Divisions. All Iraqi frontier posts have been reinforced.

The Anglo-Iranian Oil Company's (South Iranian) oilfields area is being guarded by the Police Department against sabotage.

9. The Iranian Army.

(i) The annual manoeuvres of the 1st and 2nd Divisions (Tehran Garrison) was held at Kerej (million sheet No. 9, square C 1), about 40 kilom. west of Tehran, from the 16th to the 19th September. His Majesty the Shah, accompanied by the Crown Prince, were present for the whole period. The Turkish

Military Attaché was the only foreign military attaché to be invited. Owing to the war, none of the general officers commanding of the provincial divisions were present.

(ii) The fifty motor-cycle combinations ordered from the Fabrique nationale belge have been delivered. They are not equipped with machine guns, but arrangements have been made for this to be carried out in Tehran. A further large order has been placed with the same firm.

10. Civil Aviation.

Reference Intelligence Summaries Nos. 11, 12 and 16 (current), paragraphs 4, 14 and 15 respectively. The press continue to publish long articles in favour of civil aviation and the necessity of young Iran becoming air-minded.

His Majesty the Shah has given a second donation of 30,000 rials (£375) from the Privy Purse to the National Flying Club. Lists of other subscribers appear daily, as well as the names and photographs of Iranian youths and ladies who desire to be trained as pilots. All officers of the Imperial army have been ordered to become members of the club. It is also reported that all school-children are being made to subscribe.

Notices have appeared in the press calling for tenders for the supply of an unknown number of light aircraft fitted with dual control for the use of the club.

The president of the Civil Aeronautical Society of Japan has telegraphed the good wishes of his society to the new flying club.

11. Cholera Outbreak.

Reference Intelligence Summaries Nos. 14 and 15 (current), paragraphs 13 and 5 respectively. On the 24th August the Public Health Department published a communiqué stating that the Zabul area was completely free of cholera, there having been no cases between the 19th July and the 2nd August. Quarantine stations still exist at Zahidan and Tayiabad to deal with travellers entering Iran from India and Afghanistan respectively. The Mirjawa-Baluchistan route is, however, still closed to ordinary travellers entering Iran.

The Health Department state that on the outbreak of cholera a cordon was immediately formed round the infected area and thirty qualified doctors and 200 medical students were drafted into the area, with very effective results. Compulsory inoculation was carried out in a very large area, the vaccine being brought by car and aeroplane from Tehran.

12. The Trans-Iranian Railway.

Tabriz-Turkish Frontier Branch.—This line is open to traffic as far as Kerej, 40 kilom. west of Tehran.

13. German Interests.

Reference Intelligence Summary No. 18 (current), paragraph 7. The following five Hansa Line steamers are interned at Bandar Shahpur:—

<i>Marienfels.</i>	<i>Hohenfels.</i>
<i>Sturmfels.</i>	<i>Weissenfels.</i>
<i>Wildenfels.</i>	

It is reported that the German crews will be repatriated via U.S.S.R., the Indian lascars are being repatriated to India. The Imperial Iranian Government are considering the question of purchasing these merchant ships outright against the debt they are owed by Germany.

14. Tehran Silos.

The new and very modern Tehran silos are situated half a mile south-east of the railway station, where they form a conspicuous landmark. The capacity of the silos is 65,000 tons. The central tower is over 55 metres in height. The total cost of construction was in the neighbourhood of 47 million rials (£587,000).

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, September 23, 1939.

[E 6935/211/34]

No. 25.

Viscount Halifax to Sir H. Seymour (Tehran).

(No. 114.)
(Telegraphic.)

Foreign Office, October 17, 1939.

MY despatch No. 291 [of 4th October: Proposed Guarantee Agreements with Persia].

Major Bayandor has declined to take up with his Government point dealt with in Mr. Gorell Barnes's letter of the 2nd October on the ground that this would cause unnecessary delay, and that point is sufficiently covered in law as originally drafted. Export Credits Guarantee Department suspect his real reason to be feeling that Shah will not agree to mention security in law, which will presumably have to be published.

2. Export Credits Guarantee Department and Bank of England will be satisfied if you are advised by reputable Persian lawyer that law as eventually passed empowers Minister of Finance and Persian Government under Persian Constitution to carry out all their undertakings under the agreements, including creation of charges on oil royalties.

3. Persian Chargé d'Affaires and Major Bayandor have informed Export Credits Guarantee Department that they have no objection to Persian lawyer being consulted by you, provided that the necessity for secrecy is impressed upon him.

4. Unless you see objection, please obtain copy of draft law from Ministry of Finance and act accordingly.

[E 6892/25/34]

No. 26.

Viscount Halifax to Sir H. Seymour (Tehran).

(No. 117.)
(Telegraphic.) R.

Foreign Office, October 20, 1939.

YOUR telegram No. 130 [of 25th September: Material ordered by Persian Government in Germany].

It is not at present policy of His Majesty's Government to interfere with transport of German exports in neutral ships, and action which Persian Government propose to take will meet with no difficulty so far as His Majesty's Government are concerned. It might, however, be advisable for them to furnish particulars of shipments as they are made in order to prevent possible mishaps and delays.

2. Persian Chargé d'Affaires, who has also raised matter, is being informed accordingly.

[E 7222/216/34]

No. 27.

Sir H. Seymour to Viscount Halifax.—(Received October 28.)

(No. 331. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 20 for the period ending the 7th October, compiled by the military attaché to this legation.

Tehran, October 16, 1939.

Enclosure in No. 27.

(Secret.)

Intelligence Summary No. 20 [sic] for the Period ending October 7, 1939.

1. The Shah.

ON the 25th September, 1939, His Imperial Majesty the Shah, accompanied by His Imperial Highness the Crown Prince, visited the officers' school at Tehran

for the "passing out" ceremony of the senior-term cadets. The Shah was received by the Commandant Sarlashgar (Major-General) Yazdan Panah (Military Attaché's Personalities, No. 301; Foreign Office Personalities, No. 212). In his report the commandant mentioned that although the school had no foreign military instructors the results were even better than in previous years. The Shah, before presenting the cadets with their commissions and prizes, gave a very brief address of congratulations and encouragement.

2. British Interests.

Lieutenant-Colonel H. J. Underwood, Military Attaché, left Tehran for Bagdad on the 9th October to attend a special conference.

3. Broadcasting.

Reference Intelligence Summary No. 14 (current), paragraph 8. It is reported that the date for the submission of tenders has been postponed and it is expected that, owing to the international situation, the quantities to be purchased will be much reduced.

The transmitters under construction are to operate on one medium-wave length (335.2 metres) and on short waves principally on 30.99 and 48.47 metres, but they will probably use various frequencies and not as previously stated.

The medium-wave broadcast is intended to be used in connexion with the recently established Department for the Orientation of Public Opinion for listeners within the country only, and the idea is to sell as many suitable small sets as possible in order to reach the maximum number of listeners.

4. Iranian Officials.

On the 24th September, by order of the Shah, the two daughters of his Excellency Ibrahim Qawam (Qawan-ul-Mulk) (Military Attaché's Personalities, No. 231; Foreign Office Personalities, No. 167) were married respectively to Dr. Abul Qasim Nafisi, son of Dr. Moadeb (Ali Ashgar) Nafisi (Military Attaché's Personalities, No. 189; Foreign Office Personalities, No. 140), and to M. Assadullah Alam, son of Ibrahim Alam, Minister of Posts and Telegraphs.

5. U.S.S.R. Interests.

(i) On the 27th September his Excellency M. Filimenov, the new Soviet Ambassador, presented his letters of credence to His Imperial Majesty the Shah at the Gulistan Palace on the 27th September.

(ii) The Irano-Soviet Trade Agreement has not yet been signed. It is stated on reliable authority, but at present unconfirmed, that the Soviet Government are first of all insisting on—

- (a) The release of all Communist prisoners from Iran.
- (b) Claim of a "special position" in Azerbaijan and Gilan.
- (c) Withdrawal of Iranian troops being sent to the northern frontier.

There is no doubt that the Iranian Government have for some time been very nervous of the future policy of the Soviet Government.

(iii) There are strong rumours in Tehran of the concentration of Soviet troops on both the Irano-Caucasian frontier and the Irano-Soviet Turkistan border in the vicinity of Askabad.

6. German Interests.

Reliable but unconfirmed reports state that the Lufthansa Airways will shortly recommence its air service to Tehran and Kabul via Russia. It is possible also that attempts may now be made to extend the service to the Far East.

7. Turkish Interests.

The new Turkish Ambassador, his Excellency Suad Davaz, arrived in Tehran on the 4th October and presented his letters of credence to His Imperial Majesty the Shah at the Gulistan Palace on the 8th October.

8. The Iranian Army.

(i) Eight hundred and thirty-four officer cadets were "passed out" of the officers' school, Tehran, on the 25th September and were granted commissions

in the various branches of the Imperial Iranian army. Of this number 284 were reserve officers.

(ii) Tenders have been invited for the construction of barracks at Nau Shahr (Habibabad) (degree sheet No. 8 P. square 9 J).

9. The Iranian Air Force.

Reference Intelligence Summary No. 16 (current), paragraph 4 (iii). It is reported that the "Hurricane" single-seat fighter machine has arrived at Ahwaz. After undergoing the usual test formalities it will be flown to Tehran by one of the Hawker test pilots.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Tehran, October 7, 1939.

[E 7319/211/34]

No. 28.

Sir H. Seymour to Viscount Halifax.—(Received November 2.)

(No. 171.)

(Telegraphic.)

Tehran, November 2, 1939.

YOUR telegram No. 114 and your despatch No. 291.

General Khosrovi, governor of National Bank, is appointed Minister of Finance in the new Cabinet. The Minister states that no legislation has been prepared, and that although he has not had an opportunity to discuss agreement with the Shah, he feels convinced that His Majesty will not accept it in its present form.

The Minister proposes to discuss the matter with the Shah, who is away from Tehran, before 15th November, but he is certain that the Shah will only consider a private credit agreement with Export Credits Guarantee Department which does not involve the issue of bonds.

[E 7450/211/34]

No. 29.

Sir H. Seymour to Viscount Halifax.—(Received November 11.)

(No. 179.)

(Telegraphic.)

Tehran, November 11, 1939.

MY telegram No. 171.

I am still waiting for the Shah's reply through the Minister of Finance. Meanwhile the latter has informed the Tehran representative of the Anglo-Persian Oil Company that the agreement in its present form will not be accepted. Main objections appear to be:—

- (a) The issue of bonds.
- (b) Publication of loan and security.
- (c) High charges.
- (d) Act of Majlis.

Minister hinted to Mr. Rice that it was up to his company to put forward an alternative scheme, suggesting that it was up to the Anglo-Persian Oil Company to raise money for them. Mr. Rice studying position and reporting to his company. I suggest Export Credits Guarantee Department take no action before I communicate official reply from Government, possibly next week.

[E 7485/1281/34]

No. 30.

Sir H. Seymour to Viscount Halifax.—(Received November 14.)

(No. 345.)

My Lord,

Tehran, October 31, 1939.

AS reported in my telegram No. 165 of the 28th October, it was announced after the meeting of the new Majlis on the 26th October that M. Jam, the Prime Minister, had been appointed Minister of the Court, and was to be succeeded by Dr. Matin Daftary, the Minister of Justice. It has since been announced that M. Bader, the Minister of Finance, has been replaced by General Amir Khosrovi, the president of the National Bank. No statement has been made as regards any future employment for M. Bader, who disappears from the Government. The remaining Ministers are, I am informed, to continue in their present posts.

2. The main interest of this reshuffle is thus the elimination of M. Bader, who has generally been regarded as the most pro-German element in the late Cabinet. As I have previously reported, it has been clear in recent months that a struggle for the control of financial policy was proceeding between M. Bader and General Amir Khosrovi. This has now resulted in victory for the General, who will find himself in control of the country's finances at a singularly difficult moment. There is reason to believe that his first activity will be a purge of those elements of the Ministry of Finance who are most closely connected with M. Bader's policy. The financial abilities of General Amir Khosrovi remain to be proved. He has certainly acquired some knowledge of banking during the last few years, but has always struck me as having rather optimistic ideas of the expenditure which this country can afford. Direct experience of the Ministry of Finance may, however, engender a more cautious attitude.

3. The selection of Dr. Matin Daftary for the post of Prime Minister has caused surprise. He is one of the youngest of the Cabinet Ministers, and, while he has been quite an effective Minister of Justice, he is a man of the official or civil service type, rather than one of any popular appeal. But so long as he can accurately carry out the orders of the Shah the personality of the Prime Minister is of no great importance at present.

4. The appointment of M. Jam as Minister of the Court fills a post which has been vacant since the fall of Teymourache. The Minister of the Court ranks next to the Prime Minister, but does not attend Cabinet Councils. M. Jam has expressed to me great pleasure at his new appointment, which is likely, in his case, to be of honour rather than of great influence. I think, however, that such influence as he may be able to exercise at Court will be in the right direction.

5. The Ministry of Justice will now be in the hands of the present Under-Secretary, M. Mohammed Sorouri, as Acting Minister, and General Amir Khosrovi is succeeded at the National Bank by M. Mohammed Ali Farzin.

6. A copy of this despatch is being sent to the Secretary to the Government of India in the External Affairs Department, and to the Middle East Intelligence Centre, Cairo.

I have, &c.

H. J. SEYMOUR.

[E 7486/5126/34]

No. 31.

Sir H. Seymour to Viscount Halifax.—(Received November 14.)

(No. 346.)

My Lord,

Tehran, October 29, 1939.

THERE is little of interest to report about the attitude of the Iranian Government towards the war. From the Iranian point of view the policy of Russia is for the moment the one thing that matters, and I feel reasonably sure that the Soviet Government have not yet given any definite indication of their intentions, or whether their policy towards this country is to be modified.

2. The Minister for Foreign Affairs in conversation yesterday asked me whether I had any news I could give him about probable Russian moves in Asia. I said that I had not, and suggested that so far the Russians seemed to be mainly

concerned with re-establishing their influence in the European areas which had been Russian before 1918, and with strengthening their position in respect of Germany. I added that I had noticed the references to Russia in the Shah's Speech from the Throne at the opening of the Majlis (my telegram No. 166 of the 28th October), and asked what significance was to be attached to them. His Excellency replied that the Irano-Soviet Commercial Agreement had expired over a year ago, and that the Shah had simply referred to it because the negotiations for a new one had hung fire for so long. In referring to the various rumours of Russian intentions which have circulated in Tehran, he said that there were no serious concentrations of Russian forces near the Iranian frontiers; there had been various troop movements, but these seemed to be mostly in the nature of transfers of troops between European and Asiatic Russia.

3. There is no doubt that anxiety as to Russian intentions persists, and naturally so. The Iranian Government fear that the longer the war lasts the greater will be the opportunities for Russia to follow unchecked any policy in regard to her weaker neighbours which may appeal to the Kremlin.

4. On the other hand, I am inclined to think that those who represent the Shah's views see that Hitler's "peace offer" afforded no basis for negotiation. M. Jam (then Prime Minister, now Minister of the Court) told me after the speech that he thought it the speech of a madman. The Minister for Foreign Affairs, who is rather fond of speculating in general terms, has spoken to me of what Hitler's position might now be if he had kept the undertaking given at Munich to settle future questions by peaceful means. If he had done so, M. A'lam said, he would almost certainly have obtained all that Germany needed, and would now be one of the most popular figures in the world. These remarks are, I am aware, of no particular intrinsic interest; but both M. Jam and M. A'lam are, or were, fairly close to the Shah, and one may suppose that their views as to Hitler's responsibility for the war reflect those of His Majesty.

5. The commercial and financial situation of Iran naturally remains difficult. There is now a tendency to turn to the United States for supplies, and enquiries are being made there for, among other things, rails, tyres, aeroplanes and a loan. I am told that the Iranian Government are becoming suspicious of German assurances that they will be able to continue supplies of machinery and other industrial material on a practically undiminished scale.

6. I am sending copies of this despatch to His Majesty's Ambassador at Bagdad, to the Secretary to the Government of India in the External Affairs Department, and to the Middle East Intelligence Centre, Cairo.

I have, &c.

H. J. SEYMOUR.

[E 7487/216/34]

No. 32.

Sir H. Seymour to Viscount Halifax.—(Received November 14.)

(No. 347. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 21 for the period ending the 21st October, 1939, compiled by the military attaché to this legation.

Tehran, November 1, 1939.

Enclosure in No. 32.

(Secret.)

*Intelligence Summary No. 21 for the Period ending October 21, 1939.*1. *The Shah.*

HIS Imperial Majesty the Shah remains in residence at the Imperial Palace. He is still as indefatigable as ever.

2. The Crown Prince.

(i) Since his marriage to Her Imperial Highness Princess Fowzieh the Crown Prince appears to have somewhat lost the full confidence of his Imperial father. It is stated that the Shah does not take the same interest that he did in educating his eldest son in affairs of State.

(ii) Except for two trips to the Caspian seaboard, neither of the Imperial couple have as yet toured in the provinces. Marriage has made no apparent difference to His Imperial Highness, who remains as aloof and indifferent as ever.

3. Iranian Officials.

(i) His Excellency Baqir Kazemi (Muhazzib-ud-Dowleh) (Military Attaché's Personalities, No. 142, Foreign Office Personalities, No. 108), Iranian Ambassador at Kabul, has been transferred in the same capacity to Angora.

(ii) His Excellency Ali Soheily (Military Attaché's Personalities, No. 283, Foreign Office Personalities, No. 200), Ustader of Kerman, has been appointed Iranian Ambassador at Kabul.

4. Dutch Interests.

An unconfirmed, but reliable, report states that representatives of the K.L.M. Air Line are now in Tehran negotiating with the Imperial Government for an extension of the air line from Bagdad to Tehran.

5. British Interests.

(i) Lieutenant-Colonel H. J. Underwood, military attaché, returned to Tehran from Bagdad on the 15th October.

(ii) The British Indian merchants in Tehran now seriously intend to form a merchant's association and club. This has been a long-felt want, but has never hitherto been agreed to because of the constant quarrelling among the Sikh merchants.

6. Turkish Interests.

The Angora broadcasting station started broadcasts in the Persian language on the 9th October. These broadcasts are given twice a day, at 1430 hours and 2015 hours (Tehran time), on the 31.70 metre band. The material is mostly translations of Reuter's and British French news. The Persian is correct and the reception excellent.

7. U.S.S.R. Interests.

Reference Intelligence Summary No. 20 (current), paragraph 5 (i) A few days after the new Soviet Ambassador, his Excellency Matvei Filimonov, had presented his credentials to His Imperial Majesty the Shah, the Soviet counsellor, Isaac Kartachov, disappeared. He is thought to have either been murdered or in hiding, so as to avoid returning to Russia. The incident, though sensational, is of no political importance.

8. Italian Interests.

(i) Colonel Napoli, agent for Ali Litoria Air Lines, arrived in Tehran on the 14th October to negotiate for (i) an extension of the Ali Litoria Air Service to Tehran, and (ii) permission for the Ali Litoria Rangoon Far Eastern Service to use Jask and Bushire airports.

Colonel Napoli is doubtful whether the Imperial Government will agree to (i) above.

(ii) The Italian Naval Attaché has officially approached the Iranian Ministry of War offering to supply Italian service aircraft and other war material. The Italian Government are prepared to deliver the aircraft in Iran and, if necessary, place the services of a small number of aircraft specialists, &c., at the disposal of the Iranian forces for a short period. Facilities for the training of Iranian personnel in Italy are also offered. It is reliably reported that the Italians have a large number of reconditioned aircraft for disposal in Abyssinia.

9. The Iranian Air Force.

(i) Reference Intelligence Summary No. 20 (current), paragraph 9. Mr. R. Rennell, the Hawker test pilot, flew the Hurricane single-seat fighter machine from Ahwaz to Tehran on the 18th October in one hour twelve minutes. The route taken was via Dizful. On the afternoon of the 19th October Mr. Rennell

gave a demonstration of the machine at Qila Murgha aerodrome in the presence of His Imperial Highness the Crown Prince and Princess Fowzieh. High ranking Iranian air force officers present were enthusiastic, and expressed the hope that the remainder of the order (nineteen machines) would be delivered soon.

(ii) An Iranian Air Force Mission, consisting of the following officers, will shortly leave Iran for the United States of America:—

Lieutenant-Colonel Mahmud Khasrovani.

Major Rahim Shaltshi.

Captain Afkhami (crack pilot).

10. German Interests.

(i) His Excellency Dr. Hans Smend, the German Minister, has been recalled to Berlin. His successor is stated to be Herr Ettel (or Ettler), a strong Nazi leader, at present in Rome. Herr Ettel has been in Iran before with Messrs. Junkers. It is possible that the Shah may refuse his *agrément*.

(ii) The crews of the Hansa Line steamers are reported to be still at Bandar Shahpur. Difficulty is being experienced by Iraqi merchants in obtaining the release of their goods alleged to be on board the steamship *Weisenfels*.

On the 21st October the Hansa Line agents issued a notice to the press stating that their steamship *Uhenfels*, on her return voyage from the Persian Gulf via India, has entered the neutral port of Lourenco Marques (Portuguese East Africa), where her voyage must be regarded as terminated.

(iii) German firms are still very much puzzled over the export of their goods to Iran. The Turkish Government has forbidden German goods transit facilities via Trebizond, and, in any case, this route becomes impracticable for motor lorries between January and March. The transit of German goods via U.S.S.R. is still not definitely settled, although some arrangement is expected shortly. The only remaining route is via Italian sea ports, which entail greater risk than the exporters are prepared to face.

11. Japanese Interests.

A treaty of friendship was signed between Iran and Japan at Tehran on the 18th October by his Excellency Shoichi Nakayama, the Japanese Minister, and his Excellency Muzaffar Alam, the Iranian Foreign Minister. No details are known.

12. Preventive Intelligence.

(i) Certain suggestions have been forwarded to London for approval. These include an offer from the Polish Minister to place the results of his intelligence service in Afghanistan, Iran and Iraq at the disposal of the British authorities. This offer must, however, be confirmed by the Polish Government in France.

(ii) Arrangements have been made to utilise the voluntary service of the British Indian community in Tehran for oral propaganda. Weekly meetings, as well as the issue of a special news pamphlet, have been arranged.

13. The Iranian Army.

A consular report states that Sartip (Brigadier) Syed Mahmoud Amini, General Officer Commanding 8th (Mekran) Division, has suddenly been removed from his command, and has been replaced by Sartip (Brigadier) Rafaat, late Chief Staff Officer 4th (Azerbaijan) Division.

14. Trans-Iranian Railway.

(i) Good progress has been made on this line as far as Zinjan (million sheet No. 8, square A 4). Embankments and cuttings have been completed, and culverts, bridges and station buildings are now being constructed. The line between Kerej and Qazvin (million sheet No. 9, square C 4) is complete and ready for rail laying.

(ii) The uncertainty as to whether the 30,000 tons of British-manufactured steel rails will be supplied according to contract signed in July is causing much anxiety.

H. J. UNDERWOOD, Lieutenant-Colonel,
Military Attaché.

Tehran, October 21, 1939.

[E 7376/124/34]

No. 33.

Viscount Halifax to Sir H. Seymour (Tehran).

(No. 133.)

(Telegraphic.)

Foreign Office, November 21, 1939.

YOUR despatch No. 318 [of 28th September: Economic assistance for Persia].

While it is true that Germany has recently endeavoured to absorb considerable quantities of Persian produce, much of this has not been of category which can be of service to her in prosecution of war. In view of the difficulties of overland route from Persia to Germany and of urgent importance of using all available financial resources for purchasing these commodities of military value in countries nearer Germany which could not be prevented from reaching Germany by other means, it does not appear that, from the point of view of economic warfare alone, there are sufficient grounds to justify pre-emptive purchases in Persia.

2. At the same time I fully realise danger of Persia falling economically more and more completely into hands of Soviet Government if she cannot replace her lost markets with Germany elsewhere, and I shall continue to explore possibility of purchases being made of individual items in Persian export trade—for example, wool (see your telegram No. 173 [of 3rd November]).

(Addressed to Tehran. Repeated to Government of India, No. 3013.)

[E 7650/216/34]

No. 34.

Sir H. Seymour to Viscount Halifax.—(Received November 23.)

(No. 359. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 22 for the period ending the 4th November, compiled by the military attaché to this legation.

Tehran, November 14, 1939.

Enclosure in No. 34.

(Secret.)

Intelligence Summary No. 22 for the Period ending November 4, 1939.

1. The Shah.

(i) ON the 24th October His Imperial Majesty the Shah witnessed a mobile anti-aircraft gun shoot at towed targets about 8 miles west of Tehran. Reliable observers state that the shooting was accurate and much improved. In the afternoon of the same day the Shah, accompanied by the Crown Prince, visited Qila Murgha aerodrome to inspect the "Hurricane" fighter machine (see Intelligence Summary No. 21 (current), paragraph 1). His Imperial Majesty showed great interest and examined the machine thoroughly. After Mr. Rennell (Hawker's test pilot) had given an exhibition flight of short duration, the Shah warmly congratulated him and suggested that he (Mr. Rennell) should take service with the Iranian air force. The Shah was obviously pleased with the machine, and expressed the hope that further "Hurricane" fighters could be purchased.

(ii) On the 24th October His Imperial Majesty the Shah drove in State to open the 12th session of the Majlis. The Diplomatic Corps were accommodated in two boxes in the gallery of the Chamber, one being reserved for the Democratic Powers, the other for the Axis Powers, the neutrals being divided between both. The Shah, accompanied by the Crown Prince, entered the Chamber at 0945 hours, and in an almost inaudible voice delivered the Speech from the Throne, after which His Imperial Majesty left the Chamber and returned to the Imperial Palace. The Speech from the Throne is given in Appendix "A" to this summary.

(iii) On the 27th October the Shah inspected the progress of work on the new motor route to the Caspian via Ab-i-Ali-Ab-i-Garm (Larijan)-Amul (million sheet No. 15, square A 4).

(iv) On the 2nd November His Imperial Majesty the Shah left for Gurgan (Asterabad) to attend the Turkoman autumn races. The Shah travelled by train to Semnan, and thence motored to Damghan-Shahrud and Gumbad-i-Kabus via the new Shahrud-Gurgan motor route.

2. The Crown Prince.

(i) The 21st birthday of His Imperial Highness the Crown Prince was celebrated throughout the country on the 27th October. The Crown Prince held a levée in the morning at the Abyaz Palace (an annex of the Gulistan Palace) and received the congratulations of Cabinet Ministers, high Government officials and general officers of the navy, army and air force. Members of the Diplomatic Corps signed the Crown Prince's visitors' book at the Abyaz Palace in the afternoon in the presence of his Excellency Dr. Nafisi, Grand Master of the Crown Prince's Household. The Protocol Department of the Ministry for Foreign Affairs again carefully synchronised timings so that the Democratic Powers and the Axis would not clash.

(ii) During the afternoon the Crown Prince and Princess attended the finals of the Olympic Games trials (see Intelligence Summary No. 14 (current), paragraph 17) at the Amjadieh Stadium. His Imperial Highness later presented cups and medals to the successful competitors. In honour of the day, girl guides and boy scouts held special parades in all large centres throughout Iran.

(iii) At the Marble Palace on the 28th October the Iraqi Chargé d'Affaires, his Excellency M. Shakir-el-Wadi, accompanied by Dr. Zaki Said, Iraqi Veterinary Service, formally presented to the Crown Prince four Arab thoroughbreds, a gift of the King of Iraq. The Crown Prince appeared to be very pleased, and asked the Iraqi representative to convey his grateful thanks and appreciation of this gift to the Regent and the Iraqi Government.

3. Iranian Officials.

(i) As is customary before the inauguration of a new session of the Majlis, the Cabinet tendered its resignation to His Imperial Majesty the Shah. The Shah thereupon appointed his Excellency Dr. Matin Daftari as Prime Minister. The new Cabinet is shown as Appendix "B" to this summary. The only important changes are that of the Prime Minister himself and the appointment of his Excellency Sarlashgar (Major-General) Amir Khosrovi, late Director of the Banque-i-Mellie (National Bank), to be Minister of Finance *vice* his Excellency Mahmoud Bader (Military Attaché's Personalities, No. 51; Foreign Office Personalities, No. 41), relieved.

Sarlashgar (Major-General) Amir Khosrovi is reported to be more friendly to the Imperial Bank of Iran than his predecessor, who was reported to be pro-German. The new Minister is likely to wage war against certain of the monopoly companies, but it remains to be seen whether he is a capable financier.

(ii) His Excellency Mahmud Jam (Mudir-ul-Mulk (Military Attaché's Personalities, No. 130; Foreign Office Personalities, No. 105), ex-Prime Minister, has been appointed Minister of the Court. This appointment has been vacant since the fall of Teymourache in 1933.

4. The Saadabad Pact.

An official statement has been published in Tehran that there is no truth in the rumours that a meeting of the signatories of the Saadabad Pact would be held to discuss the present world situation.

5. The Iranian Army.

(i) No further Iranian troop movements have taken place.

(ii) Various classes of reservists and conscripts whose training has been completed have been released from the colours.

(iii) Military recruiting committees have begun their work in accordance with the normal procedure laid down in the Iranian Conscription Law of 1938.

6. Aerodromes.

An aerodrome is being constructed 4 kilom. east of Khoi (million sheet No. 1, square A 2).

7. British Interests.

(i) Sir Reader W. Bullard, K.C.M.G., C.I.E., Minister at Jedda, has been appointed His Majesty's Envoy Extraordinary and Minister Plenipotentiary at Tehran *vice* Sir Horace Seymour, K.C.M.G., C.V.O., transferred to the Foreign Office as Assistant Under-Secretary of State.

(ii) Mr. Walter St. C. H. Roberts, C.M.G., M.C., has been appointed counsellor, *vice* Mr. Nevile Butler, M.V.O., transferred to Washington.

Mr. Roberts, accompanied by Mrs. Roberts, have arrived in Tehran.

8. Japanese Interests.

Reference Intelligence Summary No. 21 (current), paragraph 11. It is reliably reported that the Irano-Japanese Treaty of Friendship contains only four articles providing for the friendship between the two nations concerned, diplomatic and consular relations.

9. U.S.S.R. Interests.

The following is the latest reliable information on the subject of Soviet troop dispositions in the Caucasus and Turkistan:—

Azerbaijan Frontier.

Confirmed—

Lenkoran area: 1 brigade of all arms.

Nakhchevan area: 1 brigade of all arms.

Gumru area (Turkish frontier): About 20,000 troops of all arms and 50 aircraft.

Unconfirmed—

Baku: 1 Brigade of all arms and between 200–250 aircraft.

NOTES.

(i) All frontier posts have been reinforced.

(ii) It is confirmed that the Soviet military authorities have considerably strengthened the Baku aircraft defences.

Soviet-Turkistan Frontier.

It is confirmed that there are no troop concentrations, but all frontier posts have been reinforced. Soviet troops have recently been sent to Merv and Bokhara.

10. Italian Interests.

Reference Intelligence Summary No 21 (current), paragraph 8 (i). Colonel Napoli, agent for Ala Litoria, is still in Tehran. His secretary has been sent to Rome for further instructions. Ala Litoria propose to carry out a three-times weekly service between Tehran and Rome via Bagdad. The Iranian Government have put certain stiff proposals with regard to landing fees, rebate for Iranian officials, &c., which the Italians are now investigating. If the negotiations are satisfactorily concluded the civil airport of Doshantappeh may well have to be enlarged for the reception of such aircraft.

11. The Aero Club of Iran.

The press continue to publish long lists of subscribers to the Aero Club. It is reliably reported that the police and civil officials are exerting pressure on all classes to become adherents and subscribers to the club.

The American Chargé d'Affaires states on good authority that part of the money so collected will be used to purchase service aircraft in the United States.

12. Communications.

(i) Reference Intelligence Summary No. 13 (current), paragraph 14. The new motor route Shahrud-Gorgan (Asterabad) (million sheet No. 15, square A 3) was formally opened by the Shah on the 2nd November, 1939.

This route is the shortest cut from North Khorasan to the west. The route is as follows:—

Shahrud-Khosh Yailaq: 68 kilom.

Khosh Yailaq-Tilavir: 15 kilom.

Tilavir-Naukeh: 31 kilom.

Naukeh-Shahpasand: 6 kilom.

Shahpasand-Gorgan: 83 kilom.

The highest point on this route is the Khosh Yailaq Pass, 2,250 metres. The width of the road is 8 metres. Shahpasand is at the junction of the Gumbad-i-Kabus-Gorgan-Sari road and the new route Shahrud-Gorgan. There is a newly constructed hotel at this point. Throughout 200 bridges have been constructed, the longest of which are the following:—

Chihil Dukhtar: 70 metres in length.

Ghaznavi: 35 metres in length.

Naukeh: 110 metres in length.

(ii) The new motor route Tehran-Ab-i-Ali-Mubarrakabad-Ab-i-Garm-Amul-the Caspian seaboard. Map references as under:—

Million sheet No. 9, square D 1.

Million sheet No. 15, square A 4.

Million sheet No. 16, square A 1.

This route is open to traffic as far as Ab-i-Garm and follows the old Larijan caravan road, which is the most direct from Tehran to the Mazanderan plains. The scenery is magnificent, skirting as it does the slopes of Damavand, 18,600 feet. It is reliably stated that this route will be completed by next autumn.

13. Tehran.

(i) The asphaltting of the main Tehran-Gulbek-Shimran-Tajrish road (million sheet No. 9, square D 1) has been completed.

(ii) The road between Tehran and Shah Abdul Azim (million sheet No. 9, square D 1) has been completely asphalted.

(iii) Public lavatories and urinals have been constructed in many of the different streets of Tehran.

(iv) Twenty-one telephone call-boxes have been installed in the city.

14. Climate.

The weather during the period under review has been unusually cold. Heavy snow has fallen above 9,000 feet and considerable rain at lower altitudes.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, November 4, 1939.

STOP PRESS.

15. The Iranian Air Force.

Reference Intelligence Summary No. 21 (current), paragraph 9 (i). For “(19 machines)” read “(29 machines).”

Appendix “A” to Enclosure.

Speech from the Throne.

IT is a great pleasure for me to-day to inaugurate the 12th session of Parliament. The 11th session which has just come to an end was most successful and had good results. The reforms which it legislated have had an excellent effect on our economic and social affairs. With regard to Foreign Affairs our relations with all countries, and particularly with our neighbours are based on friendship and mutual respect. The lapse of our commercial agreement with the Soviet Government, and the delay in its renewal is causing a stoppage in the

even flow of our commerce. I have hopes that by direct negotiations and mutual goodwill the situation will again become normal within the framework of the legal provisions of our country.

The outbreak of war in Europe is very deplorable. The policy of our Government is absolute neutrality, but as the continuation of a war brings with it financial and economic difficulties for all nations, and is a menace to the civilised world, my fervent prayer is that peace will be re-established as quickly as possible.

With regard to internal problems, the policy of our Government is the continuation of the reforms which have been already begun.

I note with great joy that our people are beginning to appreciate and better understand this policy and are working for the realisation of reforms. The public also shows great keenness in everything concerning education, and above all the keenness of the young for sports and physical culture gives me particularly great pleasure. The duty of the Government, the representatives of the nation and all those interested in the welfare of our country must be a constant effort to progress in order to obtain the results which we await and to benefit all the population in the advantages of modern civilisation and progress.

I pray to Almighty God to grant success to all loyal servants of our country.

Appendix "B" to Enclosure.

New Cabinet of the Imperial Iranian Government.

Prime Minister: His Excellency Dr. Ahmad Matin Daftary.
Minister for Foreign Affairs: His Excellency M. Muzaffar A'lam.
Minister of Industry and Mines: His Excellency M. Ali Mansur, C.B.E.
Minister of the Interior: His Excellency M. Ali Asghar Hikmat.
Minister of Posts and Telegraphs: His Excellency M. Muhammad Ibrahim 'Alam.
Minister of Education: His Excellency M. Ibrahim Mer'at.
Minister of Communications: His Excellency Dr. Sajjadi.
Minister of Finance: Sarlashgar (Major-General) Amir Khosrovi.
Acting Minister of War: Sarlashgar (Major-General) Ahmad Nakhchevan.
Acting Minister of Commerce: His Excellency M. Vasiqi.
Acting Minister of Justice: His Excellency M. Muhammad Surouri.
Acting Director-General of Agriculture: Sarlashgar (Major-General) Tajbakhsh.

[W 17469/16015/49]

No. 35.

Sir H. Seymour to Viscount Halifax.—(Received November 24.)

(No. 187.)

(Telegraphic.)

Tehran, November 24, 1939.

THE Shah to-day spoke to me about German goods awaiting export to Iran. He said that the goods had been ordered and paid for either in full or to the extent of 75 per cent. before the war. If transport by sea was now to be prevented it might be just possible, though difficult, to obtain the goods or some of them by land routes. If the alternative routes were not possible Germans would keep both the goods and the amounts paid for them, and Iran would be the only loser.

2. I explained that I had not yet received instructions promised in your circular telegram No. 13, and that I was therefore unable for the moment to do more than report to you His Majesty's views.

3. The matter is causing much anxiety here, and Ministers of War, Finance and Foreign Affairs spoke to me on similar lines yesterday.

[W 17485/16015/49]

No. 36.

Mr. Roberts to Viscount Halifax.—(Received November 26.)

(No. 191.)

(Telegraphic.) R.

Tehran, November 26, 1939.

MY telegram No. 187.

Following is the substance of a note received yesterday evening from the Minister for Foreign Affairs:—

1. The Iranian Government consider His Majesty's Government's decision to seize German exports to be contrary to international law, and protest in principle.

2. Although the special position as regards goods which Iran has in Germany or on the way to Iran has already been explained, and His Majesty's Government has given an assurance that goods in principle will not be stopped, the Iranian Government feel obliged, in view of Prime Minister's recent declaration, to repeat that the position is as follows:—

- (a) The orders were placed in Germany long before the war.
- (b) Full price was paid in advance.
- (c) Part of the goods were in German vessels which took refuge in neutral ports on the outbreak of the war; remainder were in Germany.
- (d) Conversations were held here and in London, and on the strength of assurances given, the Iranian Government decided to transfer goods in German ships to neutral ships, and to send goods in Germany overland to a neutral country for shipment thence in neutral ships.

3. The British Prime Minister has declared the object is to deprive Germany of the means of obtaining foreign exchange. As the money was entirely paid in advance, the loss will in no way fall upon Germany.

4. In view of the above, the Ministry for Foreign Affairs request me again to draw His Majesty's Government's attention to the special position of goods bought by Iran from Germany, so that the above-mentioned goods, which have and are being shipped for Iran from neutral ports and in neutral vessels, may, as promised, not be in any way impeded.

[W 17505/16015/49]

No. 37.

Mr. Roberts to Viscount Halifax.—(Received November 26.)

(No. 192.)

(Telegraphic.)

Tehran, November 26, 1939.

MY telegram No. 191.

Matter has been raised in similar terms in local press emphasising that goods have been paid for, and that any authorisation will fall alternately on Iranians, but without stating that any assurance has been given by His Majesty's Government.

2. As regards the assurances alleged by Iranian Government in their note, the only statements made orally here to the Ministry for Foreign Affairs have conformed strictly to the wording of your telegrams Nos. 117 and Arfar No. 3, and nothing has been said which could be taken to imply guarantee of permanent immunity.

[W 17685/16015/49]

No. 38.

Mr. Roberts to Viscount Halifax.—(Received November 29.)

(No. 196.)

(Telegraphic.) R.

Tehran, November 29, 1939.

AS the Minister for Foreign Affairs was unable to see me this morning, I communicated to the head of the Political Department the text of the notice to traders regarding Reprisals Order in Council contained in your telegram No. 16.

Circular, adding explanation in the sense of your telegram No. 15, Circular, and of statement made by the Prime Minister yesterday in the House of Commons. The head of the Political Department said that the Persian Government had not yet received any information on the subject from the Persian Minister in London, and undertook to report what I had told him at once to the Minister for Foreign Affairs. In reply to enquiry, I said that this document was communicated for the information of his Government and should not be regarded as reply to note referred to in my telegram No. 191, as to which I had not yet received instructions. The head of the Political Department, while expressing apprehension on the subject of delays likely to be caused by the proposed procedure, admitted that exceptions to be made in the case of neutral-owned goods went some way to meet Iranian difficulties.

[W 17685/16015/49]

No. 39.

Viscount Halifax to Mr. Roberts (Tehran).

(No. 141.)

(Telegraphic.)

Foreign Office, December 5, 1939.

YOUR telegrams Nos. 191, 192 and 196.

Assurances given here to Persian Chargé d'Affaires (see my despatch No. 307 of 24th October) also referred explicitly to "present" policy of His Majesty's Government and cannot be considered applicable except as regards the particular goods to which the chargé d'affaires had drawn the attention of the Foreign Office, the orders for which had been placed before the outbreak of the war.

2. Chargé d'affaires is, however, being informed that His Majesty's Government are willing to consider cases of exceptional hardship arising out of the initiation of their new policy, and is being requested to furnish details of the goods to be shipped for the Persian Government in order that decisions may be reached in regard to them.

[N 7088/991/38]

No. 40.

Mr. Roberts to Viscount Halifax.—(Received December 5.)

(No. 203.)

(Telegraphic.)

Tehran, December 5, 1939.

I ASKED head of Political Department of Ministry for Foreign Affairs to-day if he could tell me what attitude Iranian representative at Geneva would take up when Finnish Government's appeal comes before the Council. He frankly admitted that question is causing embarrassment to his Government, which is unlikely to associate itself with any report or resolution condemning Russian action.

(Repeated to Government of India, No. 88, and M.E.I.C., Cairo, No. 16.)

[E 7859/211/34]

No. 41.

Viscount Halifax to Mr. Roberts (Tehran).

(No. 143.)

(Telegraphic.)

Foreign Office, December 7, 1939.

SIR H. SEYMOUR'S telegram No. 179 [of 11th November: Persian loan negotiations].

Anglo-Iranian Oil Company have telegraphed to Mr. Rice that Export Credits Guarantee Department agree in principle to a revised and simplified form of loan agreement, and that he may inform Minister of Finance accordingly in response to his previous enquiries, adding that particulars will be communicated through official channels. Mr. Rice has also been told that there can be no question of credits being available for purchases outside United Kingdom.

2. Persian Chargé d'Affaires knows about proposals for a simplified agreement and it has been explained to him at the Foreign Office that this

proposal does not mean any more than did previous proposals, that His Majesty's Government can undertake from supply point of view to make available forthwith military and non-military material to value of £5 million. The agreement would be a frame to be filled in as and when material which the Persian Government desired to acquire became available.

3. Chargé d'affaires was also told that, although heavy demands on His Majesty's Government from all quarters made it difficult for them to meet Persian requests, whether these related to material to be bought for cash or under proposed credits, all these requests would continue to receive earnest attention of those concerned in this country. It was not so much a question of whether the requests could be met, but when. No promises could be made, but if the Persian Government felt able to wait, it might be possible to let them know later that some part or another of their requirements could be met, not necessarily or even probably all at once, but spread over reasonable periods.

[E 7929/42/34]

No. 42.

Mr. Roberts to Viscount Halifax.—(Received December 11.)

(No. 371.)

My Lord,

Tehran, November 25, 1939.

I HAVE the honour to report that His Highness Abdul Hussein Farman-Farmayan, G.C.M.G., better known by his former title of Farman Farma, died in Tehran on the 22nd November.

2. On the death of the Farman Farma's son, Prince Firuz, which was reported in my despatch No. 13 of the 15th January, 1938, no public announcement whatever was allowed to appear. Prince Firuz had long been under a cloud, and his death was allowed to transpire by way of rumour, inevitably accompanied by hints of foul play. The age of the Farman Farma (over 80), and the fact that he spent his latter years in free and quiet residence in Tehran, in undisturbed enjoyment of his astonishing powers of procreation, have disposed of any such suggestion in his case. Nevertheless, the fact that he was the most eminent surviving Qajar prince (please see No. 77 in personalities), and that he was a well-known public figure of an age that is now officially disparaged, caused the President of the Majlis, M. Hassan Esfandiary, who is connected with him by marriage, to make enquiries of the Shah when it was seen that the old man was ailing and likely to die. Evidently the answer was reassuring, for the death and the holding of two memorial services, one in a mosque and the other at the deceased's residence, have been announced in the press over M. Hassan Esfandiary's signature.

3. In view of the Farman Farma's close association with British authorities in the past, and since he held the honour of Knight Grand Cross of the Order of St. Michael and St. George, I sent my condolences, and the senior Iranian member of the legation staff attended one of the memorial services.

4. The death of the Farman Farma severs a most outstanding link with the period of the Qajar dynasty, and in particular with that of British intervention in South Persia at the time of the war of 1914-18. Since the establishment of the Pahlavi régime he has lived in retirement, but not in oblivion; for the family life of this remarkable old man has never ceased to be a subject of reverent comment. Until almost the end of his days he was mating and breeding, and though the birth-rate in the later stages fell to less than three per annum, the aged father yielded to none in the assiduous care with which he kept track of all his numerous progeny, and it is a fact that he has been known, when an acquaintance made reference to one of the younger ones, to bring out a well-thumbed, little pocket-book in which particulars were entered, and turn up the relevant page. He is the type of the Persian grandee that was once common, but under modern conditions is fast disappearing.

5. Copies of this despatch are being sent to the Secretary to the Government of India in the External Affairs Department, and His Majesty's consular officers at Ahwaz, Kermanshah, Shiraz and Tabriz.

I have, &c.

WALTER ROBERTS.

[E 7930/5126/34]

No. 43.

Mr. Roberts to Viscount Halifax.—(Received December 11.)

(No. 372.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a memorandum by His Majesty's Minister of an audience with the Shah on the 24th November, 1939.

Tehran, November 28, 1939.

Enclosure in No. 43.

Audience with the Shah on November 24, 1939.

AFTER the usual preliminaries the Shah referred to the war and to the effects which (according to the interpreter) this struggle for supremacy was producing throughout the world. I said that I was not sure if I had followed His Majesty correctly, but so far as His Majesty's Government were concerned, they had certainly not entered upon the war in any desire to secure supremacy in Europe or elsewhere; they had been forced into war by the continued German aggression on their weaker neighbours. The Shah said he was informed of the motives of the contending belligerents, and considered that an Allied victory would, from the point of view of other States, be preferable to a German one.

2. The Shah then speculated on the eventual possibility of the two sides ever becoming reconciled, and I said that we hoped this could be brought about, if the aggressive methods of present-day Germany were abandoned.

3. The Shah then turned to Iranian policy, that of strict neutrality. He said that Iran was not strong enough to take part in a war and not weak enough to permit her rights to be ignored. A policy of neutrality was necessary to Iran and was also of value to the belligerent Powers. I said that the position of Iran was fully appreciated in London and, on His Majesty referring to the useful rôle which Iran could play, and was playing, in helping to keep things quiet in this part of the world, I said that this was also the desire of His Majesty's Government. At this point the Shah began hinting that he was not quite sure that his position was fully appreciated in London and that there were perhaps ways in which His Majesty's Government might have afforded support to a friendly country. I asked whether His Majesty had any special point in mind, as it was certainly the desire of His Majesty's Government to conduct the war with the least possible interference with neutral interests. His Majesty replied that this was not what he had in mind; what he meant to say was not exactly a complaint, but he had the feeling that the Anglo-Iranian Oil Company had not pressed on with their new developments in the way which would have been to the interest both of the company and the Iranian Government. I asked if this observation referred to the three months since the war began, as it was inevitable that development work should be held up in present circumstances. The Shah said, however, that he was not referring to the time since the war began, but to the preceding period. The company had certainly undertaken certain development work, but he felt that it would have been possible to do more. He asked me to mention his views on this point on my return to London.

4. As this matter was exhaustively explained to His Majesty in the spring by Lord Cadman, it appeared to me useless to enter into any very prolonged argument. I said that the company was naturally anxious in their own interests as well as those of Iran to sell as much oil as they could: their development programme was based on commercial grounds; I would, of course, report in London what he had said to me.

5. The Shah then raised the question of goods purchased by Iran in Germany, and the announcement that exports from Germany would be stopped. He said that Iran had, in the past, dealt with Czecho-Slovakia and Austria as well as with Germany, but those countries had been taken by Germany, with the result that an even larger proportion of Iran's trade was with Germany than had been the case before. There were now large quantities of goods awaiting shipment, which, according to His Majesty, had been either fully paid for or 75 per

cent. paid for before the war. If they could not be shipped Germany would keep both the goods and the money, and the loss would fall not on Germany but on Iran. I said that I had not yet received instructions on this point, and could only say that I would report His Majesty's views to London. I added that the Germans were attempting, by means contrary to every rule of international law, to prevent ships, whether neutral or not, taking goods to or from the United Kingdom. In these circumstances it could not be expected that His Majesty's Government should continue to allow German goods to be freely exported by sea. His Majesty did not dispute this, but said that in the present case the loss would fall not on Germany but on Iran. He alluded to the possibility of finding alternative means of transport, but said that the sea route was, of course, preferable.

6. Before I left His Majesty said that he hoped that my work in London would not exclude a continued interest in Iranian affairs. He added, unfortunately, that, supposing Iran should attain sufficient importance to be an ambassadorial post, I might perhaps return as ambassador. I endeavoured to convince His Majesty that, in the eyes of His Majesty's Government, the status of Iran was in no way inferior to that of some of the countries where there are ambassadorial posts, but I fear His Majesty continues in the view that there ought to be a British Ambassador here.

7. This audience lasted about forty-five minutes and the Shah was personally most friendly. He appeared well and vigorous, but his references to Anglo-Iranian Oil Company developments and to the status of this legation certainly suggested to me that he is becoming slow in adjusting his ideas, and has even now no clear idea of the possible or probable effects of the war on Iranian economy. He did not refer to the question of Export Credits Guarantee Department credits and, as I knew the Minister of Finance had not seen him since His Majesty's return to Tehran two days ago, I had decided not to raise the matter myself.

H. J. S.

[E 7931/216/34]

No. 44.

Mr. Roberts to Viscount Halifax.—(Received December 11.)

(No. 373. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 23 for the period ending the 18th November, compiled by the military attaché to this legation.

Tehran, November 29, 1939.

Enclosure in No. 44.

(Secret.)

Intelligence Summary No. 23 for the Period ending November 18, 1939.

NOTE.—Where necessary paragraphs are lettered (A) Information regarded as definitely confirmed; (B) Information regarded as fairly reliable but requiring confirmation; and (C) Information regarded as doubtful and requiring confirmation.

1. *The Shah.*

HIS Imperial Majesty the Shah left Gumbad-i-Kabus for Gurgan on the 5th November, visiting the model village of Ali Abad *en route*. At Gurgan the Shah inspected the local garrison in barracks, and later visited a newly constructed civil hospital and a hotel.

On the 7th November the Shah carried out a thorough inspection of the port of Bandar Shah. In the afternoon he motored to Dashti Gurgan to witness the Turcoman Races. On arrival he was received by Cabinet Ministers, Deputies and local officials, who had arrived that morning by express train from Tehran. After the races the Shah returned to the Palace of Safiabad for the night.

Continuing his tour from the 8th November to the 18th November, the Shah has visited the following towns and localities, where he inspected progress on public works, factories, housing, rural reconstruction, &c.: Sari, Shahi, Amul via Babul, Shabsawar and Ramsar.

As a result of the Shah's frequent visits to Mazanderan and the pressing forward of modern improvements, &c., the people of that province are extremely poverty stricken and discontented.

2. The Crown Prince and Princess.

(i) His Imperial Highness the Crown Prince had his adenoids successfully removed on the 2nd November. Before being operated upon, the Crown Prince insisted on the surgeons removing their face masks.

(ii) On the 16th November their Imperial Highnesses left Tehran for Ramsar via the Chalus Road, where they joined His Imperial Majesty the Shah.

3. The Iranian Army.

(i) Sartip (Brigadier) Reza Quli Khan Rukni now commands the Isfahan Independent Brigade. (A)

(ii) New barracks at Bandar Pahlevi and Nau Shahr (degree sheet No. 8 P, square C 2) will be completed within the next few months. A possible reorganisation of garrisons will then take place. (B)

(iii) Conscripts are reporting in large numbers for training throughout the country. This is normal. (A)

(iv) A small number of tanks and armoured cars have been despatched temporarily to the garrisons at Meshed, Isfahan and Resht for collective training purposes. (C)

4. The Imperial Iranian Air Force.

During the past six weeks a redistribution of aircraft has been made throughout the air force. The present location and strength, as on the 18th November, 1939, is shown as Appendix A to this intelligence summary. This statement cancels all previous lists of locations and strengths. (A)

5. Danish Interests.

A Danish company has signed a contract with the Imperial Iranian Government for the construction of a fish canning plant in the Persian Gulf.

The buildings which have been completed are situated at Naiband (degree sheet No. 25 A, square A 4), close to Bandar Abbas. The machinery is now awaited. This factory will have an estimated output of 5 tons per diem of all sorts of canned fish. The European personnel are all Danes, who own two vessels (one trawler and one smaller fishing boat).

6. Internal Security.

(i) About the 4th November a students' strike took place at the Tehran University Medical School. The cause of the trouble was that 50 per cent. of the present graduating class had been ordered to enter the Army Medical Service. The 50 per cent. were to be selected by lot, which in practice would mean auction. As many of the students or their parents had spent considerable sums on preparing themselves for the medical profession, in which they hoped to earn a good living in private practice, there was a hostile demonstration on the appointed day for the drawing of lots. His Excellency M. Ibrahim Mer'at, Minister of Education, and Sarlashgar (Major-General) Attabuy, Chief Medical Officer of the Army, were booed, and eventually armed police had to be summoned. Some twelve of the ringleaders were imprisoned. The strike continued for several days, but the students of all classes had to return to their studies as their parents were being subjected to strong pressure by the police authorities. (A)

The method chosen of forcibly recruiting army doctors suggests that the attractions of private practice are sufficient to make it difficult for the army to get its quota and that the strikers had a strong vested interest at stake.

(ii) Persistent rumours state that from seven to twelve officers of all arms, including cadets at the officers' school, have been arrested for making illegal representations about army reforms, pay, &c., and espionage on behalf of the U.S.S.R. The whole affair is being kept very secret. (B)

7. The Gas Mask Factory.

Reference Intelligence Summary No. 7 of 1938, paragraph 9 (i). It is reliably reported that the gas mask factory at Wanak (million sheet No. 9, square B 1) has closed down for want of raw materials and expert personnel. Seven German employees were recalled to the colours at the outbreak of the war and have not so far been replaced, although it is said that others are expected from Germany. Three German mechanics are still living on the premises. About 200-300 male and female workers are registered at the factory. Most of these have now been discharged temporarily.

8. Japanese Interests.

Reference Intelligence Summary No. 22 (current), paragraph 8. During the recent negotiations for the Irano-Japanese Treaty of Friendship talks were carried on at the same time with the view to arranging a trade clearing agreement between the two countries. The Japanese offered to supply cement, iron, clocks, &c., and take in exchange red oxide (from the island of Hormuz), salt and cotton. They also asked for large quantities of opium, but this was, however, refused.

This proposed trade agreement is in abeyance pending the outcome of the negotiations with U.S.S.R. for a renewal of their trade agreement.

9. Czech Interests.

There are about 600 Czechs in Iran, most of whom are employed by firms such as Skoda-Iran, Czechko-Moravska, Iranian State Railways, &c. With few exceptions, the majority are anti-Nazi. Three, however, are known to be spies of the Gestapo: Sedlhon, Mlle. Krikgowa and Gayda, whose brother was once a Czech Chief of Staff.

Skoda-Iran, whose managing director is M. Zanda, a patriot, are finding it increasingly difficult to work in Iran. They are unable to obtain materials from Germany, and, because of their nationality, orders placed in the United Kingdom and India are not being carried out. The managing director is considering the severing of all connexion with the Prague office, which is managed by one of Field-Marshal Göring's brothers, and reorganising it as a purely Iranian company.

10. U.S.S.R. Interests.

(i) Reliable reports state that from seven to ten Soviet officers have entered Iran and are touring in the Sauj Bulagh-Baneh area (Iranian Kurdistan). (A)

(ii) It is stated that negotiations for the renewal of the trading agreement between the Soviet and Iran have once again been reopened. (B)

(iii) Notes on the Soviet air force in the Baku area are shown in Appendix B(1) to this Intelligence Summary. (B)

11. German Interests.

(i) Reference Intelligence Summary No. 12 (current), paragraph 9 (i). On the 17th November the newly appointed German Military Attaché, Major Joachim von Geldern-Crespandorf, of the German General Staff, aged 48, arrived in Tehran. He is accompanied by his sister, Fräulein Erika von Geldern-Crespandorf.

(ii) German oral propaganda is still increasing. During the past ten days newsvendors have been shouting misleading statements such as "Rebellion in India against the English!" "100,000 Indian soldiers killed!" "English army surrounded!" &c. In cafés small groups have been listening to obviously prepared statements read out by one of their number ostensibly from a newspaper. Action to counter this has been taken.

(iii) It is estimated that there are about 120 German officers and men still on board the five Hansa Line steamers at Bandar Shahpur (see Intelligence Summary No. 21 (current), paragraph 10 (ii)).

(iv) The Hansa Line steamer *Uhenfels* referred to in Intelligence Summary No. 21 (current), paragraph 10 (iii), apparently left Lourenço Marques, rounded the Cape and was eventually captured and taken to Freetown, Sierra Leone.

(v) Reference Intelligence Summary No. 21 (current), paragraph 10 (i). The agreement for the new German Minister (Herr Ettel) has been granted. But it

is possible that he may not now come, as His Imperial Majesty the Shah stated verbally that, although he would sanction the *agrément*, he did not particularly desire the individual concerned.

12. Minerals.

An iron mine has been discovered 25 miles south-west of Sirjan (Saidabad) (million sheet No. 17, square D 3) on the slopes of the Kuh-i-Ainulbagal.

13. The Trans-Iranian Railway.

Reference Intelligence Summary No. 21 (current), paragraph 14 (ii). It is now known that 32,000 tons of British-manufactured steel rails will be delivered within the next six months. This news has had an extremely good effect.

14. Census.

The Ministry of the Interior is actively preparing for a census of the population of Tehran up to a radius of 6 kilom. from the city. The census will take place in the early spring.

15. The Press.

No mention whatsoever has been made in the Iranian press of the attempt on Hitler at Munich, nor of the attempt on King Farouk of Egypt. This is in accordance with local practice. It is interesting to note also that no films are ever passed by the censors which contain scenes of an assassination or plot against a crowned head.

16. Communications.

(i) The newly constructed railway bridge across the Qum River (degree sheet No. 9 J, square D 2) about 2 kilom. south-west of the city of Qum is now open to traffic. This bridge joins the branch line Yezd-Qum to the main Trans-Iranian line. It has been built of reinforced concrete and has fourteen arches.

(ii) An unconfirmed consular report states that a new road (passable by light cars) has been constructed between Sarbisheh (degree sheet No. 23 P, square D 2) and Durruh (degree sheet No. 29 D, square B 3), Iran-Afghan frontier.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, November 18, 1939.

Appendix A.

Strength and Distribution of the Iranian Air Force as on November 20, 1939.

Qila Murgha Military Aerodrome.

"Hinds" two-seater fighter day and night bombers	...	33
Armament and equipment—		
Machine guns, front cockpit	...	2
Lewis guns, aft cockpit	...	1
Light series bomb racks	...	2
Universal bomb racks	...	4
Camera gun	...	1
Eagle camera	...	1

All machines are fitted with radio and full night flying equipment. One machine fitted with electrical bomb gear, the remainder with mechanical bomb gear.

"Fury" interceptor fighter	...	21
Armament and equipment—		
Machine guns, cockpit	...	2
Light series bomb racks	...	1
Camera gun	...	1

All machines are fitted with radio, but without night flying equipment.

"Audax" fighter bomber	...	1
Armament and equipment—		
Machine guns, front cockpit	...	1
Machine guns (Lewis), aft cockpit	...	1
Light series bomb racks	...	1
Universal bomb racks	...	4
Camera gun	...	1
Eagle camera	...	1

This machine is fitted with radio and night flying equipment and is used for target-towing.

"Tiger-Moth" dual control	...	15
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These machines can be fitted with one machine gun, one camera gun and radio.

"Hurricane" fighter	...	1
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Fitted with radio and all up to date night flying equipment, but without the eight Browning machine guns.

Mehrabad Aerodrome (Training School).

"Hinds" two-seater fighter day and night bomber	...	2
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These are dual control machines, but are quickly adaptable to the standard "Hind."

"Audax" fighter bomber	...	9
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These are dual control machines, but are quickly adaptable to the standard "Audax."

"Tiger-Moth" dual control training machines	...	38
"Fury" interceptor fighters	...	3

Doshantappeh Aircraft Factory.

"Audax" fighter bombers	...	10
"Tiger-Moth"	...	7

These machines are being overhauled and could be used as standard machines in a very short time.

"Fury" interceptor fighter	...	2
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Meshed Military Aerodrome.

"Audax" fighter bomber	...	8
"Fury" interceptor fighter	...	4
"Tiger-Moth" dual control	...	4

Tabriz Military Aerodrome.

"Audax" fighter bomber	...	21
"Tiger-Moth" dual control	...	4

Ahwaz Military Aerodrome.

"Audax" fighter bomber	...	7
"Tiger-Moth" dual control	...	4

[E 7954/211/34]

No. 45.

Mr. Roberts to Viscount Halifax.—(Received December 12.)

(No. 208.)

(Telegraphic.)

Tehran, December 12, 1939.

YOUR telegram No. 143.

Mr. Rice has explained the position to the Minister of Finance, who has informed the Shah. The latter was pleased and urged the Minister of Finance to follow matters up as quickly as possible.

Mr. Rice has telegraphed the Anglo-Persian Oil Company and the Minister of Finance to Iranian Chargé d'Affaires.

[W 18545/16015/49]

No. 46.

Mr. Roberts to Viscount Halifax.—(Received December 13.)

(No. 209.)

(Telegraphic.)

Tehran, December 12, 1939.

I EXPLAINED to the Minister for Foreign Affairs to-day the position behind the reprisal Order in Council, and left with him aide-mémoire based upon your telegram No. 141.

2. His Excellency expressed his appreciation of the goodwill of His Majesty's Government, but asked me to impress upon you the need for extending exceptional treatment of goods destined for Iran beyond 1st January. Orders placed in Germany were for capital goods; in particular, for plant and machinery for new industrial undertakings. Deliveries were bound to be spread over a considerable period of time, and Iran would hardly benefit if exceptional treatment were limited to goods shipped from neutral ports before 1st January (see my telegram No. 200). He believed in this matter interests of Great Britain and Iran were parallel. Since goods in question were paid for from mark balance standing to Iran's credit in Germany, His Majesty's Government would not, by seizing them, deprive Germany of foreign exchange with which she might otherwise finance purchases from abroad of essential raw materials. They would deprive Iran of the chance of developing her national industries and strengthening her economic power. Yet, from political point of view, such development should surely be welcome to Western Allies.

I undertook to report to you what he had said.

[E 7976/211/34]

No. 47.

Mr. Roberts to Viscount Halifax.—(Received December 14.)

(No. 211.)

(Telegraphic.)

Tehran, December 13, 1939.

MY telegram No. 208.

Minister of Finance has informed Mr. Rice that the Shah definitely refuses to agree to submit any agreement to the Majlis. The Minister believes that His Majesty's objection is based on extreme reluctance by openly accepting financial assistance from His Majesty's Government to expose himself to reproaches from either Russia or Germany, and I have no reason to doubt that this is so.

2. Mr. Rice has telegraphed the latest developments to his company.

[N 6690/4030/38]

No. 48.

Memorandum respecting Britain and Russia in Asia.

(Secret.)

A RECENT Foreign Office memorandum (The Soviet Threat to British Interests in the Middle East: N. 5736/G: October 28, 1939)⁽¹⁾ has drawn attention to the reappearance of the Russian menace in Central and Western Asia as the result of recent events in Europe and has suggested certain counter-measures, such as the encouragement of revolutionary tendencies in Soviet territory, which it might be open to Great Britain to take should the menace materialise. The memorandum in question assumes that this country could not, during the present war in Europe, spare sufficient forces to defend Afghan and Persian territory as a whole against Soviet aggression or domination. This is certainly the case, even if the possibility of Turkish aid is taken into account. But it is equally obvious that in either event His Majesty's Government would be obliged by considerations of prestige to give some explanation of their attitude which would show the peoples of Asia that they had no intention of abandoning their historic position. The purpose of the present memorandum is to consider in somewhat greater detail how this might be done.

2. For a start, it seems desirable to emphasise the fact that the problem is mainly one of psychology, rather than one of military advantage or disadvantage. The occupation or domination of Afghanistan or Persia by the Soviet Union as a result of the use or threat of force, or of internal intrigue, might cause Great Britain anxiety, because their territory would provide the Soviet forces with a base for further advances. But it would not contribute directly to the defeat of Great Britain in the main theatre of war, unless the Soviet forces did, in fact, press not only into but through these two countries and thereby effectively occupy or threaten Iraq and India in such a manner as to cut the main Imperial lines of communication—all these alternatives being exceedingly difficult and dangerous military operations. Even the loss of the Persian oil-fields would not be fatal, especially as the Soviet Government could not hope to use themselves more than a portion of the oil unless and until the defeat of Great Britain in the main theatre did away with British command of the sea.

3. On the other hand, Soviet action of any of the kinds indicated in the preceding paragraph might have a catastrophic effect upon British prestige, possibly leading to risings in India, Iraq and elsewhere and creating indirectly for the British Empire a very serious military situation indeed.

4. In fact, it is probable that the blow to British prestige would be so great that, however serious their difficulties elsewhere, His Majesty's Government would be bound to adopt one of two courses:—

- (a) To take up the challenge.
- (b) To suggest somehow to the world at large that they did not care what the Soviet Government did so long as Soviet forces respected British interests as such.

5. With regard to (a), it is important to keep a clear distinction between going to war on one's own or on someone else's behalf in the large and general sense of the term and taking active military steps to protect any particular portion of one's own or someone else's territory at any particular time. If the Soviet Union were to attack Persia or Afghanistan, it cannot be supposed that, so long as they were engaged in war with Germany, His Majesty's Government would be able to detach sufficiently strong forces to prevent the occupation of Tehran and the Iranian plateau generally or the occupation of, at any rate, the northern provinces of Afghanistan. Equally, if the Soviet Union were to make demands on Persia or Afghanistan of a kind which infringed their integrity or independence, His Majesty's Government could not possibly tell the Persian or Afghan Government, as the case might be, that if they resisted these demands Great Britain would make it militarily possible for them to defend their northern frontiers. Nor, again, could His Majesty's Government take effective steps to oust a violently pro-Soviet or Sovietised government established in either country as the result of internal intrigue. The inability of His Majesty's Government

⁽¹⁾ Soviet Union, October 28, Section 4.

and the Government of India to promise the Afghan Government effective military aid should their country be invaded has already led, at least indirectly, to the rejection by that Government of the proposal for a treaty of friendship which, it was hoped, might have afforded them at least moral support; and it is difficult to suppose that, in the presence of a similar reservation, the Persian Government would deem it prudent to leave the precipice of neutrality for the sacrificial altar of a British alliance. So long, therefore, as the present state of affairs prevails, it is to be hoped that the idea of an Anglo-Persian alliance will not be so much as raised in any quarter, notwithstanding the facts that, since the conclusion of the alliance with Turkey, an alliance with Persia is the missing link in a chain which might otherwise bind the Middle East together in a common front against the Soviet menace, and that even the Shah, for all his previous suspicions of British policy, would be bound in the last resort to prefer a real and effective alliance with Great Britain to submission to the Soviet Union.

6. But none of this means that His Majesty's Government could not or should not, if they felt that the circumstances required it, declare that their interests were so seriously affected that they must regard what the Soviet Government had done as a *casus belli* and consider themselves at war with the Soviet Union, letting it be understood at the same time that, while they might not feel able at the moment to embark on active steps for restoring their occupied territory to the buffer States, or freeing them from Soviet ascendancy, they would regard this as a question to be settled whenever their hands were free elsewhere (*i.e.*, when they had won in the main theatre). Meanwhile, they would no doubt have to be content with occupying enough Persian territory to give themselves a good defensive line (*e.g.*, Rowanduz-Kermanshah-Khorremabad) against any Soviet advance into Iraq or towards the oil-fields in Persia (which are fortunately situated in relatively low-lying country near the head of the Persian Gulf). Similarly, in Afghanistan they might not feel strong enough to hold the line of the Hindu Kush, but they might have to occupy enough Afghan territory to make the Durand line strategically secure. It might not be easy to do even this amount of defensive work, but it would be essential to do it somehow. It might be a question of doing it or losing the whole British position in Asia.

7. With regard to (b), this would not necessarily be so cynical in practice as it sounds. The degree of consideration which the Persian Government have shown for British interests in recent years has not always been so great as to entitle them on this account alone to expect that His Majesty's Government will continue to protect their interests beyond the point, wherever that may be found, at which British and Persian interests cease to appear identical. His Majesty's Government, therefore, might conceivably say that, if the Persian Government were attacked by the Soviet Union, that was largely their own fault for indulging in such past errors as the rejection of the Anglo-Persian Alliance of 1919, and that so long as British interests (which they proposed to protect by a precautionary occupation of certain portions of Persian territory) were not endangered the advance of the Soviet forces was a matter of indifference to them. It would, however, be difficult to take so detached a line in regard to Afghanistan; and it could not really be taken in respect of either country if either were the victim of unprovoked aggression. In that case, course (a) would probably be what self-interest and self-respect would alike demand.

8. But the matter might have a very different appearance if the Government of either Persia or Afghanistan were, for whatever reason and in whatever form, to admit Soviet domination over itself or a part of its territory. In that case His Majesty's Government might say with justification that Persia or Afghanistan, as the case might be, had allowed something to happen which altered the political situation in Asia to the serious detriment of Great Britain; that the result was the same whether the government concerned had acted from weakness or from an anti-British bias or from any other cause; that in the circumstances they felt entitled to occupy certain portions of Persian or Afghan territory; that this occupation was purely provisional and in no sense to be taken as an indication that His Majesty's Government had ceased to recognise the right to independence of the country concerned within its former borders; but that they would, nevertheless, continue to hold these areas so long as the government concerned permitted Soviet ascendancy to persist in other portions of its territory; and that so long as the Soviet Government made no attempt to disturb the British occupation, His

Majesty's Government would make no attempt to disturb the Soviet occupation. This course would be decidedly less heroic than taking up the Soviet challenge; but it might be sufficient to preserve British prestige for the moment in the eyes of Asia, and it might later on save His Majesty's Government from having to choose, at the end of an exhausting war with Germany, between eating their words and waging another campaign in Northern Persia and Afghanistan.

9. In this connexion it is well to recall that even in the case of Poland His Majesty's Government have carefully avoided any public declaration of their intention to restore to her that part of her territory now occupied by the Soviet forces, although Poland is an ally of Great Britain and resisted the Soviet advance to the best of her ability.

10. A particularly difficult case would arise if Persia were to be submitted to a gradual process of Bolshevisation under Soviet pressure, without going so far as to concede strategic facilities to the Soviet forces (a state of affairs which would be the exact opposite of the present situation in the Baltic States). In that case, a line which His Majesty's Government might take would be to let it be known that they would, at the first sign of the presence of Soviet troops in the north of Persia, but not till then, occupy such parts of South Persia as their strategic interests required. A Sovietised Persia would, it is true, be an even more difficult neighbour than the Persia of Reza Shah (whose preservation until the present crisis is over is devoutly to be prayed for); but His Majesty's Government could possibly cope with such a situation without actual intervention, aided as they are by the natural insulation of the Baluchistan deserts. The same problem would, however, be far more serious in the case of Afghanistan, where there is no such insulation. In either case, His Majesty's Government might do well to be chary of public pronouncements to the effect that they intended one day to restore Persia or Afghanistan to its original independence.

11. The end of any variant of course (b) might be that Afghanistan and Persia would disappear and the British and Russian Empires would at long last face each other without buffer States along the line of the Hindu Kush and some continuation of that line through Central Persia. But this would be a most uncomfortable position for His Majesty's Government, given the indigestible nature of much of the territory they would have acquired, as well as an immoral one; and it is to be hoped that the end might really be that both Great Britain and Russia would withdraw and restore their independence to the occupied countries.

12. There is the question whether it would be wiser to give Persia and Afghanistan any inkling of what His Majesty's Government might do (on the lines of paragraph 6) in the event of definite Soviet aggression (always preserving in so doing the distinction made in paragraph 5 above between general and specific help) in the hope that this would encourage them to withstand Soviet pretensions, or whether it would be wiser to say nothing for fear lest encouragement might make them unduly rash and bring about the very state of affairs that His Majesty's Government wish to avoid (though if the Soviet Union has once decided not to go beyond a certain point in running risks, it is not as a rule easily provoked into going further). This is a question which continually arises in regard to many other countries besides these two, it is one difficult to decide until the need arises. But if either Persia or Afghanistan were to be threatened and to approach His Majesty's Government in all sincerity for assistance or advice, it would probably be desirable, and only right, to encourage them to think that His Majesty's Government would follow course (a). If thereafter it seemed to His Majesty's Government that the country concerned had failed to do its best, with the resources at its disposal, to oppose the Soviet demands and (if it came to the point) to defend its neutrality or resist Soviet aggression, they would be free to fall back on course (b).

13. In spite of what has been said above, there are some grounds for hoping that, unless the Soviet Union is prepared for a fight to the finish, not merely in Persia and Afghanistan, but all over the world, they will abstain from a policy of adventure in those two countries. Whatever doubts His Majesty's Government themselves may feel as to what they themselves might do in certain circumstances, and however cautiously the Soviet Government may proceed, the latter are unlikely to bank, in making their plans, on Great Britain remaining entirely passive if they tried to attack or dominate Persia or Afghanistan. In fact, elementary prudence must oblige them to allow for the possibility, at least, that

His Majesty's Government might be forced by considerations of prestige to go to war, whatever their preoccupations elsewhere; and the satisfaction to be derived, either politically or economically, from the occupation of large parts of Persia and Afghanistan, or even from the occupation of the Persian oil-fields and a port on the Indian Ocean, cannot outweigh the disadvantages to the Soviet Government of a war with the British Empire if it is not on other grounds prepared and anxious to wage such a war. But if for any cause whatever the Soviet Government did find themselves inevitably moving towards war with Great Britain, then a diversion in Afghanistan or Persia would be an obvious military move with which to make a start, since they would reckon upon its obliging His Majesty's Government to detach large forces for the defence of India, Iraq and the Persian oil-fields.

H. L. BAGGALLAY.

*Eastern Department, Foreign Office,
December 20, 1939.*

[E 8101/211/34]

No. 49.

Sir R. Bullard to Viscount Halifax.—(Received December 22.)

(No. 219.)
(Telegraphic.)

Tehran, December 22, 1939.

MY telegram No. 211.

Minister of Finance is being pressed by the Shah in regard to this point, which, as has been already reported, is, in His Majesty's view, of capital importance. The Minister asks for assurances that progress is being made in preparing simplified form of agreement, and that His Majesty's Government will not insist on its presentation to the Majlis.

2. Am I authorised to give assurances on both these points?

[E 8101/211/34]

No. 50.

Viscount Halifax to Sir R. Bullard (Tehran).

(No. 153.)
(Telegraphic.) R.

Foreign Office, December 27, 1939.

YOUR telegram No. 219 [of 22nd December: Credits for Persia].

Yes.